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PROBLEMS OF THE PACIFIC

1929

Proceedings of the Third Conference of the
Institute of Pacific Relations, Nara and
Kyoto, Japan, October 23 to November 9, 1929

EDITED BY

J. B. CONDLIFFE, D.Sc.

Research Secretary, Institute of Pacific Relations

THE UNIVERSITY OF CHICAGO PRESS
CHICAGO, ILLINOIS

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PREFACE

This book is a record of the chief discussions, with data material relevant thereto, of the third biennial conference of the Institute of Pacific Relations which took place at Kyoto, Japan, from October 28th to November 9th, 1929.

The record does not attempt to be exhaustive. A comprehensive report including the principal documentary material would extend into a series of many volumes. The task of the editor has been to present a picture of the main trends of discussion in the conference round-tables. He has digested these discussions and arranged the material in a historic setting with reference both to the discussions at former Institute conferences and to general developments in the field in question since the last conference.

The significance of the Kyoto conference is due to the fact that it was not an isolated event. It was part of a developing process and the embodiment of a living spirit. The Institute of Pacific Relations is the product of a new age which has reduced time and space as factors in international relations, which has changed our greatest ocean from a barrier to a bridge, has universalized the laboratory and popularized education. It is moreover an age in which the peoples of the Pacific have become the masters of their own destinies and the arbiters of the conditions and laws which control their international relations.

The Institute of Pacific Relations is a spontaneous movement. There is a potent logic in the time and manner of its appearing. The international machinery by which nations have been dealing with one another since the beginning of history has been evolved on the assumption of the inevitability of war; of the necessity of force as the means for adjusting their differences. From this has sprung the school of secret diplomacy with its inevitable code of reticence and the withholding of facts. This technique to be effective requires the dominance of the few; the acquiescence and ignorance of the many. Since 1918, however, a different international technique has appeared. This is born of a new vision of human relations, based upon the concept of the rights of the weak, international interdependence, the power of facts, the intelligence of the people and their participation in government. The Institute of Pacific Relations has emerged as a part of the mechanism which the era provides for meeting its new requirements.

The Institute is a regional movement. It has come forward because of the new Pacific era and the special requirements of the peoples of the Pacific area. The conditions under which this era is developing and the problems of its peoples in dealing with one another are unique in modern history. While heavily indebted to European experience and achievement they are determined not to be limited by the European pattern. History is moving with such speed that it may be possible for men in the Far East to learn from Western experience how to short-circuit some of the winding trails and avoid the blind alleys that have been laboriously explored in the West. Just as it is a question for China whether she should now concentrate upon the development of a national system of aerial transportation rather than the steam railway, so the Pacific peoples are feeling their way toward the creation of new mechanisms of dealing with one another.

The Institute of Pacific Relations emerged from the experience of a local situation. The islands of Hawaii present a microcosm of the interracial situation of the Pacific area. In Hawaii for a century men of different races have been learning how to live together with mutual respect and understanding. If the thing could be done in miniature, why not in a larger arena? Moreover Hawaii situated half way between Asia and America was sensitive to the tension lines between East and West and had a special interest in relieving that tension and in exploring the possibilities of permanent international adjustment.

It has been said that the Institute of Pacific Relations is considering problems between the nations for which the only historic solution has in the past been war. It must be realized, however, that new tribunals have appeared for the evaluation of national problems and policies. Science, the laboratory, and economic theory are accepted in all countries around the Pacific. They speak a common language on the basis of a logic that is inexorable. This makes possible a universal appeal to reason which was absent until very recent times. It is not sentiment or patriotism alone that is invoked today in the capitals of the world in forming international policies, but data, facts and figures, facts which all parties to the problem have a share in preparing, facts which are accessible to all, discussed by all and which must be able to stand the challenge of scientific criticism.

The constitution of the Institute states that its object "is to study the conditions of the Pacific peoples with a view to the improvement of their mutual relations." To attain this object the Institute works not only as a voluntary but as an unofficial association of the peoples of the Pacific area. It is an association for the study and discussion of mutual problems, the problems of adjustment arising from the meeting of the diverse civilizations of this area. The Institute is not concerned with propaganda nor the formation or support of policies. A leader in Japan aptly characterized it when he said, "We Japanese are interested in this Institute because it comes with nothing to sell, nothing to teach and nothing to preach, in short, nothing to put over on the Far East."

The Institute method is conceived as a continuous process in which conference, research, and information each play a part and mutually supplement each other. From the conference discussions emerge the questions which really matter for the Pacific area. These questions then are formulated in terms of research, and studies are carried on by the different groups during the interim periods in order that an adequate basis may be found for further discussions. Out of both discussion and research valuable data appears as material for general and specialized information. Thus the process goes on, conference stimulating research, research strengthening discussion and providing new data for progressive conference work, while the findings of both create a basis for better understanding on the part of all concerned.

The conference is not a place where unanimity of opinion is sought. The adoption of resolutions or action is not within its scope. It is rather a forum for the expression of opinions based on individual experience and varieties of conviction based upon individual understanding of pertinent facts. The process brings out opposite opinions sometimes drawn from different or limited data but as often from diverse interpretations of the same data. The round-table provides the clearing house for experience, opinion and facts. These are pooled, furnishing an opportunity for members to understand the reasons for different interpretations of identical data. A next step is that of synthesis or reconstruction of opinion by combining in new relationships the units which the analytical process has separated and made intelligible.

To be constructive and to make progress from one meeting to the next, the conference is dependent upon the gathering of facts pertinent to its discussions. The function of research is therefore a central activity of the Institute. Its value depends upon its being drawn up on an international scale including problems that are vital to each national Institute group, and further upon each group sharing in the drawing up and carrying out of the program. This has been effected through the mechanism of an international research committee on which each group is represented. The work of the committee is implemented and carried forward by the Research Secretary of the Institute. The significance of the Kyoto conference is derived in no small degree from this preparatory research activity, shared in by all attending groups.

A further valuable form of conference preparation is provided by group study and discussion of conference topics in advance of the meeting. Such groups were active in the Institute councils of Canada, England, Japan, China and Australia. The papers which are prepared by members for presentation at the conference are circulated and discussed so that conference members attend the biennial meeting prepared in a measure for effective participation in the international discussions of the same topics.

Differing from the Science Congress, Engineering Congress, and other similar gatherings, the Institute of Pacific Relations, dealing in human relations, finds it inexpedient and impossible to crystallize its program two years in advance. The field from which its topics are taken is a fluid field. Though the outline of topics is forecast in the large and announced in advance of the conference, the relative importance or pertinence of particular aspects of these topics is in certain cases impossible of anticipation, since they depend upon the turn of the political wheel, economic developments and public opinion.

The conference agenda is the product of group experience and group thinking. Following each conference the opinion of the national Institute groups concerning the agenda is canvassed by correspondence, through the medium of the Institute journal, Pacific Affairs, and by visitation from the central secretariat. The final adjustment of the agenda topics with a view to their relation to each other and to their relative importance is determined by the conference program committee which meets in advance of the conference and works constantly during its sessions.

The first meeting of the Institute of Pacific Relations held in Honolulu in 1925 was frankly an experiment. Its assets were good will, a determination to understand and to be understood, and the capacity to be entirely frank with one another. Among its liabilities were the lack of precedent for such a gathering, a shortage of data, of facts pertinent to the discussions, and the absence of some of the principals to the discussions undertaken.

The second meeting two years later built on this experience by making an earnest effort to supply both data and a wider group of participants. In this third conference the process has been carried still further; a creditable mass of data was gathered; an eminent and expert personnel was assembled and the conference left the detached scene of its former activities and was convened in the heart of the Far East where it grappled with some of the most perplexing problems which vex the international relationships of that area.

The physical setting of the conference was ideal. Kyoto, for a thousand years the center of Japanese culture, today still detached from the modern centers of politics and industrialization, was chosen. In this ancient and beautiful city of temples and palaces, nestling in the fold of encircling hills, the conference found a congenial haven for its twelve days of deliberation.

The two hundred members chosen by the national councils, drawn from many walks of life, were about evenly divided between academic men and leaders in business and practical affairs. Labor was represented as well as capital. Japan furnished 49 members, the United States 45, Canada 29, China 31, England 17, Australia 11, New Zealand 7, Philippines 8, Korea 7. Two observers from the League of Nations were present, three from the International Labour Office, and one each from the U.S.S.R., France, Netherlands East Indies and Mexico.

The conference divided into four principal round-tables which addressed themselves each morning to the discussion of the chief topics of the agenda. These round tables led by chairmen skilled in the development of group thinking followed syllabi drawn up by experts and usually studied the same topics simultaneously. The findings from these round tables were pooled and given to the press committee from which a digest was immediately handed to the reporters of the international and Japanese press. As the discussions progressed from session to session responsibility for developing the more technical aspects was assigned to one round table while the others took up new topics. The evening sessions were usually devoted to formal statements made to the entire conference body by selected speakers on various aspects of the topics discussed in the round tables. Some of these sessions were opened for discussion from the floor.

At each round-table recorders took careful notes of the discussion as they would of a university lecture. From these notes they dictated the reports which have been used in preparing the summaries of round-table discussion published in this report. The Institute is under a great debt of gratitude to those who voluntarily undertook this difficult task.

In considering the questions which formed the themes of the round-tables, personal and group discussions were able to retain the conception of the problem as a whole; it is indeed one of the chief values of the Institute that it enables its members to see their mutual problems steadily and see them whole. But to one unfamiliar with the participants and the conference setting the recorders' notes read almost as a series of disconnected observations. Moreover, the personal nature of the interchange, the context in which it is made, together with the economic, political, sentimental, religious and other factors which enter the problem form a background which the written records cannot possibly reproduce. They necessarily duplicate many subjects of discussion since different round-tables dealt with the same questions simultaneously.

The editor has analyzed these records and built them into a synthetic narrative report. The work has been performed under pressure so that the proceedings of the conference might be published in time to have real value as a record of discussions of contemporary issues.

The report cannot deal fully with the great mass of material available so that a severe process of selection and elimination is inevitable. This is particularly true of the data papers. Those which are reproduced in this volume were selected mainly because of their value in supporting and amplifying the round-table summaries. A full list of the papers presented to the conference is appended. Some have already found independent publication and it is hoped to arrange for others to be published separately. The

January number of Pacific Affairs, the monthly journal of the Institute, is devoted to a report of the conference and contains all the prepared opening statements. Preceding numbers of Pacific Affairs contained some of the shorter data papers, others of which will be published in following issues of the journal. Summaries have been made only of those subjects for which the Program Committee arranged round-tables. Other subjects were dealt with either by the International Research Committee or by group meetings.

Communications was to have been the subject of a round table, and with this in view representatives of a majority of the international news services operating in the Pacific were in attendance. It was known that the lowering of existing press rates in the Pacific was to form a topic of discussion. Less than three weeks before the opening of the conference the Japanese Government announced its decision to cut its cable and radio press rates in half, reducing them from 36 to 18 sen per word (18 to 9 cents). In this way one of the most fundamental steps in the securing of better understanding between the Pacific peoples was accomplished in advance of the conference.

The full significance of a gathering such as the Third Biennial Conference of the Institute of Pacific Relations is apparent only by estimating it in relation to its setting, the nature of the discussions undertaken and the quality of the personnel assembled. Measured by any of these tests the Kyoto meeting was a success. Not a few of its results are imponderable; others require the perspective of time. To transplant the conference from the secluded, congenial soil in which it was nurtured to the heart of the Far East and to apply its technique and philosophy of frank discussion in an alien environment was a clear risk. Kyoto has revealed the fact that the Far East no less than the West is hospitable to the philosophy of the Institute and that the efficacy of its technique is not dependent upon the geography of its operation or the nature of the problems to be considered.

The major results of the Kyoto meeting are in the sphere of public opinion. Unprecedented as was an unofficial conference for the discussion of international relations in the Far East, it nevertheless intrigued the imagination and appealed to the common sense of the peoples concerned. Through the superb cooperation of the Japanese press, the public of Japan was able to follow the program of the conference discussions and to understand something of the significance of the conference process. Though solutions were not primarily sought or reached at Kyoto, certain major results were achieved. The people of the countries chiefly concerned in the discussions discovered that their neighbors have a real case, that progress results from understanding their point of view and giving them an opportunity to express it. The meeting was a demonstration of the power of facts in relation to debate. Seldom has such a collection of studies upon the major problems of the Pacific area been assembled. This array of data coupled with the highly informed and experienced personnel of the gathering formed a tribunal before which eloquence or sentiment alone made little headway. Finally the Kyoto meeting pointed again to the inter-dependence of the Pacific countries in the solution of their major problems. The peoples of the Pacific are becoming aware that they are bound together by growing bonds of relationship which cannot be cut without irreparable disaster. If the Institute of Pacific Relations can further this consciousness of solidarity in the Pacific community, it will justify its activities.

J. MERLE DAVIS
General Secretary

HONOLULU
January 25, 1930

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PART I

SUMMARY OF ROUND-TABLE DISCUSSIONS

CHAPTER I

THE MACHINE AGE AND TRADITIONAL CULTURE

QUESTIONS FOR DISCUSSION

1. In what respects and to what degree does the growth of industry and science inevitably lead to the decay of a traditional culture, as regards, for example:
   (a) Architecture?
   (b) Manners?
   (c) Art?
2. What, if any, fundamental changes does the Machine Age bring, as regards, for example:
   (a) The traditional social and ethical ideas?
   (b) The conception of the family, its size, the relationship between men and women, and marriage?
   (c) Religion?
3. Considering all the circumstances, what ideal or ideals should be aimed at in respect of:
   (a) Architecture, manners and art?
   (b) Social and ethical ideas?
   (c) Marriage and family?
   (d) Religion?
4. What program shall we set before us for realizing these ideas and ideals?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairmen of Discussions:
Lord Hailsham
Frederick P. Keppel
William H. Kilpatrick
Archibald Rose
L. K. Tao

Recorders:

H. F. Angus
G. E. Coke
Mrs. Frederick V. Field
G. F. Hudson
Arthur Jorgensen
Charles E. Martin

S. Matsukata
S. Matsumoto
E. F. Penrose
John D. Rockefeller III
S. Uramatsu

I. DEFINITIONS

The object of the Institute of Pacific Relations as set out in its constitution is "to study the conditions of the Pacific peoples with a view to the improvement of their mutual relations." The pursuance of that object leads immediately and rightly to research and discussion concerning such contacts between these peoples as have come to be prominent in their international relations. Problems of diplomatic intercourse and negotiation, even of misunderstandings and disputes, offer natural points of entry for realistic discussion. Such problems are practical and very often urgent. Even a slight measure of increased understanding in regard to them contains the promise of large, if indirect, immediate results.

It has been demonstrated also that the discussion of actual situations of known urgency provides a better and more realistic approach to the underlying complexities of international relations, than a more academic approach can ever do. The dangers of this method for the Institute are obvious enough. The temptation for unofficial groups of private individuals to delude themselves by discussing important practical problems for the solution of which they have no mandate and no real sense of responsibility can be avoided only by a constant realisation that the purpose of the Institute is to study not to solve the problems it takes up. It is a venture in adult education rather than unofficial diplomacy.

As long as this fact is steadily borne in mind there are manifest advantages in utilising difficult problems to provide an approach to the fundamentals of international relationships. These problems are on their face political; but very little discussion is necessary before underlying economic and cultural elements are revealed in every such situation. If any real understanding is to be gained of the mutual relations of the Pacific peoples it is necessary to take these underlying realities into account equally with the urgent situations of present political difficulty. It is for this reason that the Institute has kept an important place in its programs, both of research and of discussion, for the problems of food and population, the industrial development of the Far East and economic reconstruction in China. Such subjects lead naturally to the more elusive but not less real clash of cultural conceptions and social organisation that is evident today in the Pacific.

In presenting this broad problem for round-table discussion, the Program Committee chose a general title "The Machine Age and Traditional Culture." Within this general title the specific questions were propounded which are printed at the head of this chapter. The wide range and diversity of the subject-matter is obvious and it was in accord with the Institute's tradition of investigation rather than solution that none of the round-tables attempted to deal with the third and fourth questions which asked for the statement of ideals to be aimed at and programs for the realisation of those ideals. The discussions in four round-tables, continued for three days, did not get beyond the elucidation of the first two questions relating to present facts and tendencies.

The variety of situations dealt with is sufficient explanation of this limitation of discussion. Within the Pacific area there is almost every variety of cultural interaction. Some of the data papers presented brief accounts of the impact of occidental government and economic life upon the primitive island peoples. In the mandated territory of New Guinea taken over by Australia after the war, there is a population of "primitive agriculturists" whose problem "reduces itself to one of survival under village conditions." In face of this problem, economic development of the type demanded by modern commerce creates labor situations of extreme difficulty in which there is some danger of the natives being regarded as "plantation-fodder." Nor is the introduction of more efficient labor from other lands—in practice from China—much more hopeful from the point of view of the islanders' traditional cultures.[1]

The value of the island cultures in themselves and the desirability of endeavoring to preserve them, if that were possible, may well be questioned. But there can be no doubt of the problems that have arisen and are rising as the island peoples are called upon to achieve new cultural equilibria compatible with life in a modern world and amid immigrant cultures from Occident and Orient. Already the risks of too rapid and drastic transition have in many places been demonstrated either in actual depopulation or in extreme cultural disorganization. A significant warning of these risks, based upon Maori experience, is contained in the essay by Sir Apirana Ngata in the volume of New Zealand data papers.[2] Writing as a member of a native race, one of the few which has at length and mainly by its own efforts reached a position where it may reasonably hope for survival, he points out the effects of too rapid "improvements."

There is no doubt that most of the errors and misunderstandings have arisen from the intolerance, the narrowness, the prejudice and intellectual contempt evinced by the European in contact with native races, whether it be in Polynesia or anywhere else. Such an attitude has too often evoked a corresponding resistance and repugnance, a clash, if so it may be termed, of cultures, the lower being overborne, it is true, together with the people, whose inheritance it was from the ages.

---

[1] *The Australian Mandate for New Guinea* (Melbourne: Macmillan), pp. 74–84, paper by Stephen H. Roberts, "Racial and Labour Problems."

See also *Studies in Australian Affairs* (Melbourne: Macmillan), Chap. XI by Rev. J. Burton, "The Australian Mandate in New Guinea," and Chap. XII by Sir J. H. P. Murray, "Australian Policy in Papua."

[2] *New Zealand Affairs* (Christchurch: L. M. Isitt), Chap. II by Hon Sir Apirana T. Ngata, Minister of Native Affairs, "Anthropology and the Government of Native Races."

See also Chap. X by W. H. Cocker on "The Mandate for Samoa."

It is consistent with his view, a view not lightly to be set aside since it is the product of a unique combination of occidental training and native tradition, that even with the best of intentions, social reform and economic progress may be pushed too rapidly upon a primitive people. His comment upon New Zealand's policy in the mandated territory of Western Samoa is illuminating.

> Our policy is superb in its simplicity; our intentions, their justice and honesty, cannot be questioned by any tribunal in the world. Our methods may be seriously questioned by the anthropologist. . . . We have probably overestimated the receptivity of the Samoan mind. We have probably not sufficiently appreciated that the social structure of the Samoan people has not been uprooted as was that of the Maori nearly a century ago; that, therefore, it is not as advanced from a pakeha[3] standpoint as that of the Maori today. We have much to learn of their customs relating to land tenure. We do not thoroughly understand the status and position of their hereditary chiefs. We have not given ourselves sufficient time to learn about the Samoans from themselves before launching at them those reforms which we think would be for their benefit, because they have proved beneficial to their relatives here and in Rarotonga.

The Pacific countries offer examples of almost every variety of conflict of cultures from these simple clashes of developed western industrialism with primitive island peoples to the major problem of the cultural conflicts now arising as the industrialism of the west disturbs the ancient and highly elaborated stable civilizations of the Orient. The economic progress of Hawaii leading to the Americanisation not only of the native Hawaiians, but also of the immigrant Asiatic laborers offers one form of solution.[4] Fiji, with its stable native population, its 70,000 Indian immigrant laborers and the beginnings also of Chinese immigration, presents a more complex problem.[5] In its vast empire of Insulinde the Netherlands is working out another method under which the native peoples are flourishing and increasing while their traditional culture is modified rather than destroyed.[6] In the neighboring section of the

---

[3] *Pakeha,* Maori for "stranger" or "white man."

[4] Adams, "Further Developments of Race Contacts in Hawaii," *Pacific Affairs,* October, 1929.

[5] McMillan, "Fiji: Where Three Continents Meet," *ibid,* July, 1929.

[6] The Pacific Science Congress at its third (Tokyo, 1926) meeting passed a resolution that "the utilization of anthropological knowledge be made a subject of prime importance for discussion at the next Congress."

In pursuance of this resolution the Java host-group of the fourth (1929) conference presented a valuable series of papers edited by Dr. B. Schrieke entitled "The Effect of Western Influence on Native Civilizations in the Malay Archipelago" (published by the Royal Batavia Society of Arts and Sciences, Java, 1929).

British Empire, even more rapid economic progress is based upon a vast immigration of Chinese labor and organising ability, sheltered under British governance in British Malaya.[7]

Even apart from the pressure of American economic development and political control, the Philippines contain many varied and even discordant cultural elements. It was a member from the Philippines who raised the question as to what constituted a "traditional culture". The impress of Spanish customs and philosophies, including the Christian religion, has modified but not obliterated the elements of native life which survive in their "traditional culture".

The same point was elaborated by Dr. Nitobe in his introductory essay of the series of data papers in which Japanese specialists wrote of "Western Influences in Modern Japan."[8] Dr. Nitobe compared and contrasted the modern impact of western culture with the earlier Nara period when Japan borrowed freely from Chinese civilization. In this comparison he repudiated the prevailing notion that Japanese civilization is essentially imitative or derivative, a thesis which was gracefully supported by the brochure which the British group presented in compliment to their Japanese hosts.[9] This notion, it was pointed out, was largely based upon the false classicism by which the Japanese themselves had endeavored to find Chinese origins even for the characteristic products of native genius, just as the renascent arts of Europe were often fitted to the classical models of Greece and Rome even when they were essentially products of folk customs. From this analysis he proceeded to defend the eclectic attitude of modern Japan.

> This then is the ideal of accepting exotic influence—that every living being, whether an individual, a nation or a race, should seek and absorb its nutriment from without that it may add to its stature and enlarge its life by growth from within. We tried this long ago and gained more than we lost. We found that continental culture accessories can be acquired by, and adapted to the needs of, an island folk. We are repeating the process and are in the midst of it.

The other papers of the series gave in detail interesting examples of this process of borrowing and assimilation. The education system is based on French administration, British and American democracy and German philosophy, to coordinate which the modern Japanese invokes the past experience of his own race. The famous injunction of the Emperor Meiji that "knowledge and learning shall be sought for throughout the world" has been followed in letter and in spirit, even at the cost of some confusion during the transition period. This is as true of law, politics, religion, language, the arts and social organisation; and to all of these it is equally true that Japan has brought a distinctive national contribution which provides a foundation upon the basis of which a new "traditional culture" may be developed.

---

[7] A progress report upon the problems of this area was presented by W. J. Hinton, "The Government of Pacific Dependencies: British Malaya" (unpublished).

Another statement from a different point of view is W. P. Ker's "Chinese under British Rule in Malaya, Hong-Kong and Wei-hai-wei" (unpublished).

[8] Nitobe, "Two Exotic Currents in Japanese Civilization," No. 1 in *Western Influences in Modern Japan: A Series of Papers on Cultural Relations* (to be published as a separate monograph).

[9] Waley, *The Originality of Japanese Civilization,"* Oxford University Press, 1929 (reprinted in Pacific Affairs, December, 1929).

It was natural that the round-tables should use their meeting-place—Japan—as the principal laboratory for the study of the impact of the Machine Age upon a traditional culture. The very rapidity of the transition in that country throws into clear relief the problems at issue. It is this rapidity of transition which makes Japan so peculiarly receptive at the present time to the idea of international cooperation.[10] The changes that have so modernised her outlook have, as Viscount Shibusawa's message reminded the conference, come within the space of a single lifetime.[11]

While the problems of Japan, visible to all the members of the round-tables, provided an easy starting-point for discussion, the presence of Chinese and other groups corrected the natural tendency to accept these problems as typical of all areas. The essential difference of the revolutionary movements that are at work in China and Japan was clearly brought out in detailed discussions at several points, notably concerning the family. Essentially Japan was a feudal aristocratic land. Her revolution was pivoted upon the public spirit of an aristocracy used equally to service and command. Instalments of modernisation proceeded by Imperial command according to a predetermined program. In that modernisation the most essential elements of aristocratic organisation remained and still are powerful forces making for cohesion. The institution of monarchy, for example, accepted loyally and devotedly by the overwhelming majority of all classes, serves to reconcile the old family loyalties with the newer loyalties to the State. The whole people form one great family.

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[10] Inazo Nitobe, "Japan's Preparedness for International Cooperation" (Opening Statement for the Japanese Group, printed in *Pacific Affairs,* January, 1930).

[11] "It was when I was a small boy of fourteen, living on my father's estate not far from Yedo, the seat of the Shogun's court, that Commodore Perry loudly knocked at our door and roused us from our century-long slumber. Young as I was, I sensed enough of the general atmosphere of deep concern and anxiety to feel that something dreadful was happening to the country. From that moment I felt myself a new being filled with a vague but burning desire to serve the country.

"It was in these unusual circumstances that I made my first acquaintance with the Japanese-American problem. And I must frankly confess that my boyish heart in those agitated times seventy-five years ago was filled with sentiments far from friendly toward that great people on the other side of the Pacific, for whom I have since come to entertain feelings not only of high respect but warm affection" ("Peace on the Pacific: Japan and the United States," address by Viscount Shibusawa at the Kyoto Conference, Institute of Pacific Relations, *Pacific Affairs,* January, 1930).

By contrast the transition in China is at once slower and more profound. The loose, quasi-democratic and decentralised Chinese social and political system possessed no powerful aristocratic group which could act as the pivot of change. When the Manchu rulers and their supporting aristocracy were driven from power by the revolution in 1911, the governmental structure had to be rebuilt from the foundations. The same pressures of Occidental trade and economic progress are affecting China as affected Japan; but there has been no powerful ruling group which could maintain cohesion by rallying round a sacred monarchy, accepting, even welcoming and fostering, the forces of change; but controlling them and transforming them into forms more suitable for the new environment. The inevitable result has been to slow up the pace of transition. The pace would in any case have been slower in China because of the greater mass of the population, the more deeply rooted and ancient civilization, and the comparative lack of past experience in wholesale adaptation to foreign cultural innovations. To these conservative forces must be added the Confucian tradition, particularly the doctrine of the mean, which prevents a true Chinese from flying to the extreme of welcoming foreign influences and then endeavoring to assimilate them.

If the transition is slower, however, it seems likely to be even more destructive in its immediate, and far-reaching in its ultimate, effects. In the absence of a strong group, ready and able to accept and control the new ideas, the forces of change have a disintegrating effect upon established institutions. Perhaps the clearest examples cited of this fact were those relating to the break-up of the institution of the family in certain areas of China which have come under strong foreign influences. The very apparent difficulty of re-creating effective governmental machinery, of devising modern educational methods, and of providing the means for an artistic renaissance, illustrate the same situation. Perhaps the most significant fact of all is the extent to which the direction of the new movements has been in the hands of young and enthusiastic but comparatively inexperienced and irresponsible groups of people who have derived their ideas and philosophies mainly from foreign sources and are in many cases cut off from contact with the ancient sources of Chinese stability. In this sense it appears more difficult to utilise the traditional culture of China as a basis upon which to engraft modernism, than it has been to incorporate modern methods into the traditional culture of Japan. There is indeed a definite school of thought which is ready to abandon the traditional culture and build a wholly new China upon foreign models. The adoption of a colloquial dialect as the main medium of communication is especially significant since it tends to cut off even the intelligentsia from the difficult classical language in which the traditional culture is enshrined and which is accessible only to laborious scholarship. While this may turn out to be a passing phase, it obviously complicates the transition.

Just as these distinctions between the situations in China and Japan were developed throughout the discussion, there also developed a clear tendency to turn the discussion back upon the Occidental countries. The somewhat naive assumption seemed to prevail at first, particularly among the Occidental members of the round-tables, that the Machine Age might be taken as synonymous with the present organisation of British and American countries, while the Oriental countries represented "traditional culture". The presence of the Machine Age in such evident development in Japan was the first blow to this naiveté, and as the discussion revealed considerably more than traces of "traditional culture" even in the United States, its demolition proceeded rapidly. It became evident that the problems of cultural disintegration and re-integration were not confined to the Orient. The re-shaping of social forces by the Machine Age is just as evident in America and Europe as in Asia. The transformation of Japanese industry has been no more rapid than the processes which have fused diverse immigrant elements into the congeries of problems presented, say, by Chicago. The most far-reaching expression of this fact is probably to be found in the conflict between modern economic internationalism and political nationalism; a conflict of conceptions that provided an undertone for almost all the round-table discussions.

This tendency to generalise the argument was given impetus also by the challenge thrown out to the assumption, implicit in the questions set for discussion, that the Machine Age was a unique modern phenomenon. It was pointed out that the present age is by no means the first in which the human race has found its institutions in the melting-pot because of advances in machine technique. From the discovery or invention of the first primitive tools down to the present age there have been periods when the pace of invention was so quickened as to cause a chaotic state of social organisation. The problems of the present age perhaps are wider in scope and more rapid in pace; but not essentially different from those of the past.

One other implicit assumption must necessarily be challenged also. It was, significantly enough, a Japanese economist who protested most vigorously against the notion that "the growth of industry and science inevitably led to the decay of a traditional culture." Science after all is an attitude of mind based upon the rigorous search for truth. The word "decay" seemed to have unfortunate implications and there was a general consensus of opinion that "change in the direction of growth" would have been a better expression. This opinion reflected both the optimism of a dominantly liberal outlook and the strong belief of most of the participants that the "traditional cultures" both of the Orient and of the Occident were vital enough to survive the loss of non-essential and archaic elements and to adapt themselves to the new conditions of modern life.

2. ART AND ARCHITECTURE

In the more detailed discussions following upon these general definitions the round-tables were concerned with the social setting rather than the technical processes of the arts. It is true that the language of the arts is universal. A Canadian data paper put this point clearly.[12]

> Very few Canadians can hope to have much grasp of the great literatures of Japan and China; we simply cannot read their books. We can, however, read their art, and there lies one great possibility of contact. Though all art requires instruction that it may be fully read, all art may be read to a considerable extent with very little instruction, and there is for the whole of our people a possibility of a sympathetic understanding of the greatest achievement of our Western neighbours. An appreciation of the marvellous grandeur of Chinese and Japanese art, we felt, was the quickest way in which the Canadian people could learn to approach the peoples of China and Japan with that humility of mind that makes sympathetic understanding and cooperation not only possible but easy and delightful. I have never known anyone acquire even a slight knowledge of Far Eastern art without developing this attitude of humility toward the two great peoples that have produced it, and also an enthusiasm that has made them continue the study. This was the principal factor that governed our actions in building up a large Oriental collection.
>
> The second reason was that as this art is one of the world's greatest developments, the possession of a fine collection would give our people an opportunity to study a magnificent art that differed in its tradition from European art with its Greek ancestry. We felt that the importance of this would be marked in the development of our own art, that there would be much more chance of something original and distinctive evolving in Canada if through the study of Far Eastern art we might discover what was basal and common to it and to the art that was our natural European heritage.
>
> A third and distinctly practical motive was that for those of our workers who wish to grasp designs quickly, there is an indefinitely greater store of material to be obtained from China and Japan than from our own tradition. This is partly because our own tradition has been worked over to such an extent that it with difficulty provides the interest of newness and variety.

While, however, the appeal of the arts is thus widely spread, an understanding of the artists' technique is confined to a few experts. On the other hand the social conditions which provide the environment for, and are in turn interpreted by, artistic expression, may profitably be discussed by those who are interested in cultural relationships. There is some doubt as to whether architecture may properly be defined as a "fine art"; but there is also a sense in which it is the pivot of the arts. The pictorial, musical and, in somewhat less degree, the literary arts tend to conform to the conditions set by architecture. The related crafts such as the making of furniture and textiles have an even clearer relationship to building. It may further be claimed that the modern development of engineering is as truly an art as architecture. This claim was even extended to the definition of modern science as "art in terms of change as distinct from monumental art". While such a statement may be straining the usefulness of exact definition, it at least serves to emphasise the essential factor of creativeness.

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[12] C. T. Currelly, "The Study of Chinese Art in Toronto" (unpublished).

See also the following data papers published by the American Council, Institute of Pacific Relations, 129 East 52d St., New York: Benjamin March, *China and Japan in Our Museums;* Edward C. Carter (ed.), *China and Japan in Our University Curricula;* M. D. C. Crawford, Bruno Lasker, and Clark Wissler, *Some Oriental Influences on Western Culture.*

It was with this idea in mind that the speaker chosen to present the case for the Machine Age contended that "the introduction of science was the beginning of culture."

"Behind us" he contended "lie the barbaric centuries, before us the possibility, the dream and the promise of intelligent life."

There was some tendency to demur to this proposition and to stress the decline in the arts that followed the first introduction of industrialism based upon applied science. But on the other hand there was fairly general recognition of the prospect, as yet unfulfilled, of leisure and a wider appreciation of beauty leading to another great era of artistic creation.

The canons of architecture at any particular period, it was recognised, are largely determined by the economic and social organisation of the time and place. This is true not only of the actual building construction but also of the interior and exterior arrangements of the structures and their planning in relation to other buildings and to the natural environment. The Pacific island peoples build houses of local materials such as grass, and place their villages near the sources of food supply with their houses arranged largely in order of social precedence. In Hawaii the houses have walls, in Samoa the walls are dispensed with, in New Zealand the colder climate forced resort to more substantial wooden structures. In Japan the use of timber was universal until modern industry brought new materials into economical use.

In the same way architecture is conditioned by economic and social habits of life. The large Chinese house with many courtyards and open spaces was designed for the accommodation of two or three generations of a large family. The clustered houses of a Japanese village economise space that might otherwise be taken from agriculture.

The workmanship of the buildings and also of their contents is directly dependent upon economic considerations also. Much of the beauty of older architecture is the product of handicrafts in which a large degree of individual creative imagination was evoked. The decline of craftsmanship under factory conditions of mass-production is responsible for much of the ugliness and unsuitability of building in the earlier stages of industrial transformation. The lack of craft experience giving standards of discriminating judgment leads also to a general deterioration of taste which accentuates the ugliness and leads to meretricious ornament in substitution for the inherent simple beauty of line and form.

There seem to be no absolute standards beyond the simple criteria of utility and suitability of purpose; but a long-established civilization tends to develop architectural expressions of beauty in relation to natural surroundings, limited always by the resources available. It is difficult at any time to harmonise the claims of economy, space and beauty; but a people disciplined by artistic tradition may, even with poor resources, attain a remarkable degree of success in avoiding ostentation and achieving a beautiful simplicity of structure and suitability of function.[13]

In default of such discipline, which is almost necessarily connected with feudal class-distinctions, the limitations of economic resources tend to restrict architectural achievement to the private or public buildings of a comparatively small class of people. Under these conditions, the most exquisite art and architecture may flourish for a time, even for a long time, among an aristocracy, while the great masses of the people are condemned by their poverty and ignorance to crude and inartistic as well as uncomfortable and even degrading standards of housing. The monotony and uniformity which is so characteristic of large sections of rural Russia, China and Korea is a reaction to poverty. Even where there are elements of the beautiful in such surroundings, they may be unrelated to the real needs of the people concerned. The thatched roof of an English cottage may appeal to the visitor but very often leaks on the occupant.

This point was greatly stressed by the defenders of the Machine Age who deprecated the sentimental tendency to exalt the esoteric pursuit of beauty by an aristocratic civilization at the expense of the well-being of the masses of humanity. In any conflict between the claims of aesthetic beauty and practical efficiency, there are many who would defend the latter on grounds of humanity. They would contend, moreover, that modern science and industry offer a means of escape from such degrading conditions for the mass of the people, and that a transitional period during which much that is beautiful in the old traditional culture suffers decay or destruction is worth while if it leads to wider possibilities of beautiful surroundings for greater numbers of people.

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[13] Cf. A. L. Sadler, "Cha-no-yu: The Tea Ceremony of Japan," *Pacific Affairs*, October, 1929.

The advent of machine methods based on applied science leads inevitably to some disturbance of established customs and tradition. New materials come in, old materials re-appear in new forms as concrete has done in modern times. The Romans used concrete because they had slave-labor; the modern age uses its machine slaves. There may appear some tendency to abuse of the new materials and new methods. A telling example was the conspicuous torii visible from the windows of one of the round-table rooms, to which attention was drawn by a Japanese expert who commented on its disproportion to its surroundings and upon the fact that it could not have been as big if modern machine methods had not been available for its construction.

In the same way there was much criticism of the modern industrial tendencies towards standardisation, mass-production, labor-saving and uniformity. These tendencies were, however, defended not only on grounds of efficiency; but also on the ground that they need not lead to ugliness. It was pointed out that the engineering skill lavished on the production of automobiles was capable of producing a beautiful finished product even under highly developed forms of mass-production and standardisation. If other articles had not reached the same standards it was contended that the demand of the purchasers had failed to call forth similar skill in the producers, not because standardised mass-production was necessarily synonymous with ugliness.

The new needs of a machine age, like its new materials, it was pointed out, call forth possibilities of new expressions of beauty in art and architecture as well as the possibility of replacing the older artistry by drab and ugly, if more efficient productions. The slums which are only too often created by the difficult housing problems of modern urban life must be balanced against the garden villages created by modern transport and the architectural achievements beginning to appear in the construction of offices, hotels, railway stations, public buildings, and even factories. The concentration of building necessitated by the constricted area of the island on which New York is placed has evoked the vertical building effort, which, under proper controls, has proved capable of developing new beauties in architecture.

It was further argued that the increased power over natural resources created by scientific invention and machine production, made possible new standards of efficiency. Urban concentration gives rise to central services. Even without such concentration new forms of mechanical heating are becoming more widely available. To utilise these devices, however, some modification of traditional architecture is necessary. The construction of the typical Japanese house does not permit the use of mechanical stoves or central heating appliances. Neither does it give the standards of comfort that are coming to be demanded by the school-children who spend part of their lives in school buildings equipped with modern appliances. There is in consequence a growing demand especially among younger people for the small modern type of house which does not call for expensive timber construction, can be locked and left untended, and within which modern appliances can be used. In the same way and for much the same reasons the smaller modern houses are in much demand in China, as the family system tends to break up and younger people set up independent housekeeping instead of sharing the residence of their parents.

In every period of transition such as China and Japan are experiencing at present there appears some tendency to iconoclasm, amounting even to vandalism—a hasty and ill-considered tearing-down or abandonment of the old for the untried new forms of building and ornament, a transplanting of foreign styles to unsuitable and even ludicrous environments. Nor is this tendency confined to the Orient. The example was cited of many towns in America where ample space was yet available; but where skyscrapers were rising in emulation of New York.

The weakness of imitation of this character lies in its essential falsity due to a lack of understanding of the real purpose of the new forms. The experience of Mexico and the Philippines and also of Hawaii was cited as evidence that it is a sound principle to base new artistic effort upon the folk-art which is indigenous to the country and therefore suitable to its conditions. Japan has passed rather rapidly through its worst period of vandalism. Proposals to desecrate the countryside by cutting down groves of cherry trees to make way for improvements are no longer tolerated and there is increasing appreciation of and care for the artistic past. China also, it was contended, is awaking to an appreciation of the values of its traditional art and architecture. Even in the newer, pioneer countries such as Australia and the United States the old colonial architecture is beginning to come into more general appreciation.

There is some danger, however, that a reaction of this character may lead to a false conservatism—a preservation of the outward forms rather than the spirit of artistic expression. In particular the mere imitation of older forms of construction in new materials may lead to as much ugliness and incongruity as the unshaped and undeveloped new styles produce. There was some discussion also of the decay of craftsmanship under the pressure of popular demands leading to mass production. Nagoya, it was pointed out, was formerly a center of fine craftsmanship in the production of porcelains; but the demand is now so extensive that there is more profit to be gained by the production of cheaper goods in which much of the distinctive beauty of the handicraft work is lost. Nor does the zeal of the collector of antiques lend much aid to the revival of the crafts. This zeal in itself is a phenomenon of transition. It is mainly evinced by the nouveaux riches who endeavor to surround themselves with relics of the past of which they have so little share and understanding. Such collecting may even lead to the production of false antiques, diverting the energies of craftsmen into mere copying rather than creative effort in the spirit of the new age.

Such transitional difficulties follow inevitably from the disturbance of social equilibrium which is caused by the introduction of machine methods. They are aggravated by the rapid growth of population which normally accompanies an increase in productive power. The parallel tendency towards rising standards of living increasing the range of effective demand leads to a democratisation of the arts and crafts the first effect of which is normally a lowering of standards of achievement. In the disequilibrium of a changing economic situation also there develops a problem of relative costs. This was illustrated both from Japan and from China by reference to rising land values which cramp the opportunities for setting buildings in attractive surroundings. The unpainted timbering of a Japanese house calls for specially selected woods which have greatly increased in price so that it is now more economical to use other materials.

In face of these facts there is a tendency to combine the new with the old. There are some quite new types of building created to meet modern demands for offices and public buildings. Such massive structures arising in the midst of more modest buildings may lead to jumbled incongruity. The difficult and extensive reconstruction of Tokyo and Yokohama after the earthquake of 1923 presents many examples of this incongruity which however may well be only a transitional step towards fairly complete modernisation in the areas where destruction was most extensive. On the other hand the new railway towns built by the Japanese in Manchuria serve their modern purposes without too obvious conflict with the neighboring Chinese towns built in the older style.[14]

The combination of the new and the old in the same building presents more difficulties. Many notable examples were cited such as Japanese houses with modern wings. The construction of the Kabuki-za theater in Tokyo with modern materials yet retaining a typically Japanese form and with the traditional internal arrangements of a Japanese theater but modern furnishings and appliances was cited as a fairly successful example. The reconstruction of the Imperial Palace in 1873 is another case where Japanese architecture was adapted to the use of modern conveniences.

Much interest was displayed also in the new buildings in China. The

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[14] M. Royama, *Japan's Position in Manchuria,* Chap. IV (printed below, pp. 524–93).

Sun Yat-sen Mausoleum at Nanking, created by a Chinese architect using machine methods, yet remains truly Chinese in spirit, expressing the aspirations of Chinese nationalism. The combination of Chinese form and western arrangement in the buildings of the Peking Union Medical College and such universities as Yenching, Ginling and Lingnan is generally possible only where foreign financial assistance is available to construct expensive buildings without crippling the work of the institution. The use of Chinese forms is not wholly compatible with the needs of the new buildings and leads at times to the use of unnecessary structural features; but the combination was felt to be pleasing in general effect and to offer the promise of future development. There is a possibility also of new contrivances as when Japanese builders, reluctant to break the symmetry of wooden ceilings and yet anxious to use modern lighting, devise means whereby the chandeliers may be lifted through a trap-door when not in use.

After some earlier disagreements of emphasis, the discussion in the round-tables ended on a fairly optimistic note. It was felt that the degeneration of architectural forms was probably transitional, that there were very real advances in efficiency, comfort and convenience and that the egalitarian tendency of the machine age brought these advances within the reach of larger numbers of people. The greatly developed use of electricity in Japanese villages is a clear illustration. While the combination of old and new styles is not yet wholly satisfactory, there are already signs that cross-fertilisation of ideas may before long produce a new creative form of expression. Past experience points to the developing of such new forms rather than attempts at mere conservation of the old. The elements of utility and beauty remain the same, traditional ornament may change; but from the essentials of line and proportion the Machine Age may develop new combinations of beautiful and useful art.

The discussions of the place of the arts as distinct from architecture in the Machine Age were more fragmentary, partly because of the greater difficulty of arriving at an understanding of technical processes and effects and partly also because of the more confused state particularly of the pictorial and plastic arts. After centuries of elaboration with rather limited materials the painting and equally the music and literature of Japan have been developed almost to the exhaustion of technique.[15] Economic changes have, as in architecture, brought new materials and have also affected craftsmanship. The decline of calligraphy is reflected in the brushwork of modern Japanese artists. The introduction of new pigments, of steel points, of new papers and canvas, have altered the material bases of artistic production. The treasures of the past remain and are more and more appreciated; but the possibility of adding to them in the old style is diminished. This is even truer of China where the distressing conditions of recent times have caused the pictorial and plastic arts to languish.

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[15] Cf. *Western Influences on Modern Japan* (to be published separately), especially No. 7 ("Art," by Ino Dan) and No. 21 ("Japanese Music," by Hisao Tanabe).

On the other hand fresh streams of ideas have appeared contemporaneously with the new materials and vigorous new schools are making experiments which range from painting and sculpture in the occidental styles to various forms of combination of occidental and Japanese arts. The first effect of these revolutionary experiments is apt to be chaotic, an experience which Japan shares with other countries. There is, however, little prospect of reversion to the simpler technique of an earlier age. Chinese members pointed out that the "flowery language" was not suited to the expression of precise scientific thought. In the same way the technique of the pictorial and plastic arts is not adequate to express fully the whole range of ideas in which modern artists are interested. Nor are the limited musical instruments and forms of composition adequate. It is in music indeed and particularly in the devising of new instruments modelled on the old that the Machine Age is making its most obvious contributions to the artistic life of the Orient. In the same way the Occident is contributing new literary ideas and forms to the Oriental countries. Vigorous modern schools of writing have appeared both in China and Japan, largely breaking away from the conventions of classical tradition. These new schools, which in China use a colloquial dialect, flourish side by side with the classical drama and poetry which still enjoy wide popularity. There are also many modern writings which utilise classical materials with a new vigor of expression and freedom of treatment. Many of the most popular new plays which hold the Japanese stage deal with feudal subjects, while there is renewed appreciation of such characteristic artistic forms as the No plays and the various styles of dancing which are essentially derived from the folk-art of ancient Japan. At the same time there are flourishing new schools of proletarian literature and on every hand there are evidences of literary renaissance.

The temporary confusion of the pictorial and plastic arts in Japan is of much the same nature though less difficult than in Occidental countries. The economic status of the artist under industrialism is not yet assured. Artistic production has not yet become the heritage of the common people and the patronage of the rich is less satisfactory than it was under aristocratic regimes. The artists moreover tend themselves to be absorbed in technical experiments and the achievement of technical effects which are not understood by laymen. In their absorption they have hardly yet reached the point of satisfactory expression of the ideas and aspirations of the new age. The appreciation of artistic values is, however, widely diffused in Japan, probably more widely than in any other land. The artist is appreciated and tends to have a more secure status. With centuries of discriminating judgment behind them it is probable that the Japanese people will achieve a new artistic synthesis before the Occident.

It is significant also that long before there was any general appreciation in the West of the value of Oriental culture, Occidental artists were influenced by Chinese and Japanese achievement and technique. Apart from the fashionable Chinoiserie of seventeenth century Europe,[16] there has been a noticeable tendency for modern artists to seek inspiration from the East. This influence of the East on the West has probably been as great as, and may in the future be even more important than, the influence exerted by European materials and methods upon Eastern artists. In their search for more satisfactory modes of creative expression many artists have turned to the reticence and natural symbolism of the Orient, their sure instinct leading them readily to an appreciation of the Japanese artist's sense of unity with natural forces. It is significant that it was the artists, with their power of penetrating insight into essential truths, who first felt the values of oriental culture.

3. MANNERS

From the preliminary discussions there emerged no very satisfactory short definition of manners. It was necessary to distinguish behaviour in social intercourse from morals in the sense of behaviour as judged by ethical standards of right and wrong. Even the suggestion that the discussion should be enlarged to include the effects of the impact of the Machine Age upon mores or traditional customs, was felt to widen the discussion unduly. A further limitation in fact became evident when each round-table at one stage or another felt it necessary to distinguish between the spirit or attitude of courtesy that lies behind good manners, and the traditional methods of expressing that courtesy in particular situations.

Most of the misunderstandings that arise when people with different cultural backgrounds are brought into close personal contact, are due to differences in the traditional codes of formal manners rather than to any lack of courtesy. Individual Japanese and Chinese who return to their homelands after prolonged residence abroad, especially if their absence occurs during early life, often find almost as much difficulty in adapting themselves to the observances of social decorum as do foreigners visiting those countries.

Codes of manners developed over long periods under stable conditions of social and economic life are naturally formal and precisely defined. The etiquette of behaviour is rigid and complex. Breaches of that etiquette betray discourtesy or ill-breeding. Codes of this type are generally based upon well-recognised class divisions and are essentially aristocratic in origin.[17] The custom of ceremonial greeting with repeated bows is derived from the Japanese feudal age when degrees of respect were carefully observed. Such customs become modified as the social order changes, but remain the basis of polite behaviour.

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[16] Cf. *Some Oriental Influences on Western Culture* (American Council, Institute of Pacific Relations), Chap. III by Bruno Lasker, "Why Porcelain Is Called China."

Traditional codes of etiquette assume stability of relationships and are apt to be rigid and inelastic. Set forms of behaviour are designed for well-known, and recurring, specific situations. Younger people who have once experienced freer and more varied relationships find the rigidity of formal etiquette irksome. There are obvious problems of this nature in present-day China and Japan. In such communities as those of the immigrant-groups in Hawaii, the breach in this respect between the second generation and its elders is apt to be more difficult and to be linked up with a real conflict of social aspirations and conceptions. Even in their homelands modern Japanese and Chinese find that the more crowded conditions and greater pace of modern life, as well as the new relationships and situations created by the Machine Age cause problems for which the guidance of the old codes is inadequate or unsuitable. Changes of this character are not catastrophic but may well be profound. Changes in clothing, in the style of dwellings, and the means of transportation as well as in occupations cause the necessity of readjustment. It is polite for a Japanese to take the lowest seat or the seat nearest the entrance to a vehicle; but these may in Occidental custom be the seats of comfort or honor. There was no rule of behaviour in ancient Japan which governed the boarding of a street-car and it takes time to develop an appreciation of the best methods of handling such new situations. In the same way, a busy street traversed by motor-cars does not lend itself to the leisurely and dignified exchange of salutations.

Such problems are, however, not confined to Oriental countries. American members gave examples of new situations where canons of polite behaviour are not yet established. Precedence in a telephone conversation, the use of polite expressions in the concise wording of telegrams or business letters, behaviour to women employed in secretarial or other business relationships, the etiquette of cigarette-smoking in mixed company, manners in an automobile and, still more perplexing, in a subway—were cited as unsettled problems in the Occident.

The more hurried conditions of modern life have a disintegrating effect on ceremony. There is no time and often little quietude or space for the complex etiquette which grew-up as a "foster-child of silence and slow time."

There seems to be a subtle significance in the fact noticeable in the round-table records that the aggravation of these problems by the increasing contacts between individuals with different cultural backgrounds was repeatedly spoken of as a matter of some concern by the Oriental members. A Japanese hardly knows when to stand or sit among mixed company in a drawing room. A Chinese school-mistress finds difficulty in deciding the question of precedence in entering a room, if among her visitors there are both Occidental and Oriental men and women. On the few occasions when this problem was mentioned by Occidental members it was on the assumption that Westerners visiting in the Orient might need to modify their codes. Neither the Orientals nor the Occidentals discussed the possibility of Western codes being modified to ease the difficulties of Oriental visitors. There was a general consensus of agreement, however, that some knowledge of the conventional codes of other peoples was now a necessary part of polite education. Such knowledge would ease over the difficulties caused for example by "laughing at the wrong place".[18]

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[17] A. L. Sadler, *op. cit.*

In the widespread breaking down of traditional codes of etiquette, there are positive as well as negative aspects to be considered—gains as well as losses. American members quoted Henry Ford's dictum "My factory is not a drawing room" in defence of efficient brusquerie. The less elaborate dress necessary even in Oriental factories was also quoted as inevitably leading to freer codes of manners. Japanese delegates pointed out also that the elaboration of formal politeness was essentially connected with feudal class-distinctions and that democratic institutions demanded some measure of abandonment of etiquette. It was contended, however, that while the traditional Japanese code was a beautifully perfected expression of politeness in a feudal society, its manifestations were limited to the comparatively narrow circles of home and clan. The conditions of modern life, forcing more frequent and friendly contacts in wider circles, are extending the area of politeness. The Japanese railway or tramway official, while not as ceremonious, is normally as polite to a stranger as a feudal retainer was to his daimyo.

At times the round-table discussions strayed into the by-path of the changing manners between men and women in modern life. These discussions, carried on mostly by the younger members of the round-tables, were characterized by one recorder as tending to become "slightly offensive at times." They were concerned with the question of attentions and courtesies formerly paid to, and even demanded by, women, which were questioned as irrelevant and unnecessary in an age when women competed on equal economic terms with men. It was argued in defence that most women even yet were not able to compete on equal terms and that in any case the courtesies were more often mutual than male superiority was apt to recognise. The tendency to change was recognised as a transition from class distinctions to democracy. It is already beginning to appear in the Orient as well as the Occident.

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[18] Romanzo Adams, "Laughing at the Wrong Place," *Pacific Affairs*, July, 1929.

In regard to all these situations of change and conflicting concepts of courteous behaviour, the problem of education was raised. There is already a fairly elaborate system of instruction in manners designed for special groups whose problems are recognised as new and difficult. It was argued that modern salesmanship in the Occident depends greatly upon good manners, and that instructions given to waitresses in restaurants, and workers in shops and factories, were even more conducive to the amenities of life than the exhortations contained in volumes devoted to business education. It was realized, however, that true courtesy, as distinct from formal manners, could not be taught by such means. The spirit of courtesy depends upon leisure and freedom from undue economic pressure enabling individuals to appreciate the real values of human intercourse. In the English-speaking pioneering communities there has been an almost complete absence of formal codes of etiquette; but a general feeling of kindliness and ready assistance to anyone needing help. As the social conditions of those communities become stabilized, the tendency is for the spirit of kindliness to become more calculating and controlled, while at the same time manners become more formal and traditional usages begin to develop.

4. THE FAMILY INSTITUTION

The first of a long list of changing ethical conceptions cited in response to the invitation of the chairman of one of the round-tables was "the decline in recent years of the influence of the home and the home group." In rapid succession other effects of the Machine Age on ethical conceptions were listed. Members from every country agreed that changing fashions of dress connoted a different conception of modesty and decorum. The levelling influence of monetary standards breaks down class divisions and then creates new ones. Under a factory system the workers break from their former loyalties to guild, family and clan and become part of a large business aggregation in which their individual importance is obscured. The decline of apprenticeship and the widening of economic groups also has a distinct tendency at first to cause less fidelity in workmanship. In the same way the traditional student-teacher relationship of China and Japan is being lost and with it goes a whole scale of intellectual values.

As the discussion proceeded it became evident that there was a common thread running through all the examples given. Under the influence of easier and more certain communications, the localised groups in which society has been organised are tending to break down. The individual is being released from the somewhat rigid controls of these small units of social organisation;

but has hardly yet found his place in a larger synthesis. As the smaller groups break down there is an increasing degree of interdependence among a much wider circle. The clearest examples are to be found naturally in the economic sphere where "no man liveth to himself." Varieties of these changes, however, may be traced in many other spheres. The conceptions of patriotism in most countries are in process of change as international problems assume more importance. It may even be argued that, while economic units are enlarging, the units of political loyalties tend to grow more confined. Many of the great empires have broken up and others are undergoing internal transformation.

The most important, because the most fundamental, of these changing relationships are those which are taking place in the institution of the family which is the cell upon which the body politic is built up. There is evident in varying degree in every country what appears, at least to the older generation, to be a loosening of the ties of marriage, sex relationships and parental authority. The two sets of problems, though intimately related, are not to be confused. The relations of men and women in and out of marriage are changing. So are the relations between parents and children. The position of the immigrant groups in Hawaii is an extreme case proving that the problems of parenthood are not wholly the result of changes in sex relations. In a new and very different environment the elders may continue the marriage relationships of their tradition, while the children, having escaped into a new world, modify and even reverse the traditional parental controls. It was argued that even in the more stable occidental countries, the attitude of children tends now to be one of consideration rather than respect for their parents. Within an immigrant group the child may often become the real leader and source of authority in his capacity as interpreter of the outside world.

The interesting fact was adduced that even in Hawaii, where there is great freedom among the second generation, the appeal of family ties is still powerful enough to draw back to Japan each year hundreds of Japanese immigrants who sacrifice economic opportunity in order to discharge their obligations to aged parents or to fulfill similar family duties.

From such cases as those cited above, it was argued that the Machine Age has tended to loosen fixed relationships, to destroy the controls and sanctions of traditional cultures, and to undermine the loyalties and throw into confusion the principles and rules upon which social organization has been based in the past. Whenever such changes occur there is inevitably a transitional period of conflict until new groupings emerge, new loyalties are built up and new principles established. A somewhat inconclusive discussion upon the proper attitude to be taken in face of this situation threw indirect light upon the problem. It was contended that an honest facing of the new facts was needed rather than a clinging to old loyalties. To the question as to whether the primitive virtues must then be regarded as obsolete, came the counter-question—what are we to regard as primitive virtues? The only primitive virtue, it was contended, is loyalty to a group standard; but those standards are changing and under the pressure of modern conditions tend to fade "like the grin of the Cheshire cat", the body disappearing first and the appearance of the grin lingering for some time.

Ethical codes are in such flux where, as in Hawaii, there is a melting-pot of different cultures, that efforts have been made to construct a synthetic system of social ethics by mutual agreement and assertion. While such efforts tend to resolve themselves into the repetition of fine-sounding but question-begging lists of desirable virtues, the very attempt is symbolic of the difficulties society is facing.

Much interest was evinced in the effects of modern economic methods upon the family systems of the Oriental countries. While there was some divergence of interpretation and it became obvious that, as in the West, different groups within the community have reacted in varying manner and degree, there was a fair consensus of opinion that the changes were far-reaching and important. Westerners have dimly realised that probably the most essential and fundamental difference of social structure and philosophy between the East and the West has lain in the emphasis placed on the family institution. The impact of the Machine Age upon family life has been the most revolutionary force that has shaken Oriental civilization in modern times.

In Japan the family system was inextricably linked with the feudal order of society. Loyalties were to the family and the clan-family, rather than the State. The feudal lords who headed the three hundred clans had almost absolute powers over their retainers. The seven over-lords had powers of life and death. Seventy per cent of the population were born and died in their village homes, subject always to the authority of their lords. Family ties were the decisive influences in arranging marriage, occupation and even the details of private life.

The unification of Japan under the restored powers of the Emperor broke down the authority of the clan leaders. The change was resisted and petitions went to the Emperor from retainers begging to be allowed to keep their relationships to the over-lords. Feudalism, however, largely disappeared, though traces of it still remain. The creation of new forms of employment, the dispersion of property, and above all the greater degree of mobility which came with industrialisation, broke up the clan and family units. It became impossible for the feudal lord to retain direct control over the personal lives of his subordinates. The younger members of the community moved away from their ancestral homes. Ancestor-worship is closely connected with certain symbols such as the family shrine and the family tombs, so that the leaving of the younger members of the family caused a profound modification of traditional observances. The influence of foreign example has had some effect also. In this connection it is interesting to notice that a Japanese philologist writing of foreign influences in the Japanese language should include the words "pet", "picnic" and "week-end" among a group relating to Family and Religion, as expressions for which there is no equivalent in the vernacular. In a similar list of words dealing with the relation of men and women, along with such words as "engagement", "kiss" and "flapper" (which is marked with an asterisk as being known only to the intelligentsia) he includes the word "sex" or its German form "schön" which in Japanese is rendered "shan", and, he adds, "has become a most favorite one among our students."[19]

Family ties have, however, been deliberately maintained. It was one of the great achievements of the Meiji era that transition from feudal to national loyalty was pivoted upon devotion to the royal family. This devotion had the basis of sanctity resting upon an unbroken line of ancestry stretching back more than two thousand years and linking up with the misty origins of folk religion. It was further greatly reinforced by the widespread and profound appreciation of the personal qualities and enlightened leadership of the great Emperor Meiji and his successors, buttressed as they were by the public spirit of a disciplined and far-sighted aristocracy, such as could have been produced only by a highly developed civilization.

By concentrating upon this heritage it proved possible to transcend the intermediate loyalties of feudalism and link up the essential traditions of family unity and ancestor worship with devotion to the throne as the symbol of national unity. The intermediate authority disappeared and the whole people was welded into patriotic unity without a breaking down, but rather with a strengthening, of the family idea. It is perhaps doubtful whether the new loyalty is to society so much as to the State symbolised by its ruler. Japan still faces the transition from personal loyalty to the impersonal appreciation of the common interest of the whole people.[20]

The transition was eased also by the fact that the position of womanhood has not yet been greatly modified. Within the limitations of the home and family circle women in feudal Japan exercised considerable freedom. The powerful influence of the maternal family acted as a protection of the status of women. While there are perhaps a million women today in paid employment outside the family, there has as yet been no considerable modification of their economic or marital status. That modification may come in subsequent generations as economic freedom and personal liberty exercise greater influence; but women in Japan are still largely dependent upon their men folk for contact with the outside world. Women are not as a rule given responsible positions. There is only one woman head of a primary school in all Japan. There are nine women heads of colleges, but these are private institutions and the whole system of higher education for women has been dependent for the most part on feminine initiative.[21] The feminist movement in Japan has begun but has not yet made great headway.

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[19] *Western Influences in Modern Japan,* No. 8 by Sanki Ichikawa, "Foreign Influences in the Japanese Language."

[20] *Ibid.,* No. 13 by Sakuzo Yoshino, "Recent Political Developments in Japan."

The loose decentralized government of ancient China threw even greater social responsibility upon the family and its related institutions; but failed to integrate them with a hierarchy of governmental institutions. China's feudal age lies far back in history. When the revolution of 1911 overthrew the Manchu dynasty and drove out its personal system of government, the institutions of family, guild and local groupings were left with overwhelming burdens and without any central support. The subsequent effort to build from nothing but a vague sense of racial unity and an even vaguer appreciation of past cultural achievements a new patriotism and sense of nationality has been a herculean task. The vastness of the country, and the great masses of its people must be reckoned with as well as the complexity of the problem. Even the utilisation of anti-foreign feeling as an effective instrument for arousing national sentiment has not been more than partially effective.

Under such circumstances it is not surprising that, wherever strong external influences have been at work, not only in the treaty-port areas, but also inland under the influence of communism, the family institution has tended to disintegrate beneath the pressures of unduly heavy social responsibilities. Some Chinese members of the round-tables even went so far as to say that the family system was in process of dissolution. There is, however, a lively sense among many intellectuals of the values inherent in that system and of the colossal problems of social reconstruction involved in its abandonment or drastic modification. Many leaders are searching for ways in which the new freedom can be utilised without wholly losing these values.

The institution of the family in China has rested upon an ethical rather than a religious basis. The first virtue of the Confucian teaching is filial piety. Confucius, however, was concerned with private rather than public relationships. The obligations his teaching imposes are essentially personal. They have produced in China a strong sense of racial and cultural continuity, and have linked the present with the past and the future. This continuity, however, carries with it an assumption of stable relationships and acts conservatively as a barrier to change. When changes come, as in many parts of China they have come, mainly by the pressure of external and therefore uncontrollable forces such as the advent of industrialism, the Confucian tradition tends to be inelastic and to break rather than adapt itself.

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[21] *Ibid.*, No. 11 by Miss Ai Hoshino, "The Education of Women."

The very real gains from the new order are connected with the liberation of the individual from bondage to tradition and from responsibilities which may often prevent the fullest development of his personality. The first phase of this liberation is the necessity under modern conditions for new forms of economic effort, perhaps involving migration or change of occupation which may, in turn, mean at least partial abandonment of such responsibilities as sharing in the family occupations and in the personal care of parents. There are other aspects of change however. The relationship of man and wife rises in importance and tends to conflict with the obligations of a man to his parents. The needs of democratic citizenship also, with the variety of loyalties demanded in a complex social order, lessen the possibility of undivided devotion to family claims. Modern Chinese endeavor to combine the new and the old, to keep three generations at least living in close personal contact; but the old order, based upon compact family organisation, is slipping from beneath their feet.

Since filial piety is the traditional foundation of all the social virtues, there is in consequence a considerable undermining of traditional morality. China is in fact faced with the necessity of building a new morality and translating its principles into detailed action in the new situations that have arisen. There is naturally some bewilderment and a confusion of tongues interpreting the new order; but the Chinese have a longer history of social stability than any other people and their leaders do not doubt their capacity to emerge from this period of chaos as they have from similar periods in the past.

It was thought significant also that in many parts of China, particularly in those provinces where communist influence was strong, the increasing freedom of women, intellectual, economic and political, has led to changes in sex relationships more drastic than in any other country outside of Russia. The insecurity of marriage has increased, divorce is more frequent, and irregular sex relationships have multiplied. These conditions are not typical of China as a whole; but wherever foreign influence has been strong in China there has been some loosening of family ties.

There was some discussion, initiated by the Oriental members, concerning the nature of the changes in the family system of Western countries. It was recognised that revolutionary experiments in Russia have comprehended drastic changes in sex relationships and in the care of children. The family system is distinctly challenged. Marriage tends to be regarded as incompatible with the full development of the Machine Age. The religious sanction has been removed. The economic sanction is taken away by State action giving women economic opportunity and providing institutions for the care of children. The moral sanction is greatly weakened at least in the urban centers. The question was raised as to whether these changes were really a logical development of a social organisation based on machine methods and, if so, whether the whole western world is moving, slowly or rapidly, in the same direction.

As far as the relations of men and women are concerned, it was apparently the belief of most members that there was far more talk than revolutionary action among the younger generation. The whole subject is out in the open and freely discussed; but the traditional relationships have not been fundamentally changed in practice. A questionnaire was cited which elicited replies from college women in America that alarmed the older generation. A subsequent enquiry fifteen years later showed, however, that most of the girls had settled down in normal marriage. The evidence from the other Western countries represented was of a similar character. The most far-reaching change that has taken place has been in the direction of substituting intellectual and even economic bonds on a basis of equal partnership for the dominantly physical relationship between men and women. The marriage ties based on such partnership were regarded as likely to be more durable than those in which the woman and her children were in a position of comparative dependence. The increasing frequency of divorce was regarded partly as a transitional phenomenon, necessitated by the breaking down of old sanctions before the new relationship is fully worked out. Divorce in Japan can take place by mutual consent, which remains almost the one reason for which it is not allowed in some Western countries. In such divorces, however, the respective families exercise a powerful influence and the Japanese members of the round-tables were not altogether in agreement as to the desirability of the present system.

In the West as in the East, economic changes have profoundly affected the family as far as parental authority is concerned. It was argued that in Britain and the Dominions and also in the United States, the essential bases of family life were still unshaken and that readjustment was proceeding rapidly. The organisation of machine production gives greater economic opportunities to women and young persons, the family is no longer a unit of economic organisation, and the increasing complexity of social life, as well as the conditions of urban concentration, lead to a greater degree of independence among the members of the family group. In education and the pursuit of leisure as well as livelihood, the ways of the group often lie far apart. This has necessarily diminished family unity and largely destroyed parental authority, except where a strong religious sanction is maintained.

There were sufficient young people in the round-tables to contend that the chief problem was education for the new parenthood. Such methods as family conferences for the discussion of mutual problems were suggested as substitutes for the authoritarian attitude. It was recognised that there is a livelier sense of social responsibility extending over a wider range of relationships, and that some care was necessary if the values of family life were not to be lost in this widening of social consciousness.

The question was raised also of the changes in economic occupation which call an increasing number of women away from home duties. It was suggested that a modern woman is often called upon to choose between a professional career or home-making, or in the alternative an attempt to live in two worlds. The obvious challenge to this suggestion is the separation of housework from home-making and the counter-suggestion that a child has two parents, both of whom share responsibility for home-making. The tangle of rudimentary industries that make up house-keeping are being increasingly taken over by efficient specialised services, the use of machine appliances, and more skilled help. In addition, there is a tendency for fathers to take more responsibility in the home. The modern wife could not combine an independent career with home-making if she could not depend on modern organisation and machine methods as well as a modern husband.

A more significant problem is emerging in those countries where the break-up of family unity has proceeded furthest. It was pointed out that the age distribution of the United States, like that of most developing countries, is abnormal. As the age-grouping corrects itself in the next generation or two, there will be increasing numbers of old people. The problem of dependency in the family is in fact likely to be reversed. The greater individual freedom of the modern system releases individual energies and increases economic production; but it often fails to provide support for the weak, the aged and the needy. Public action becomes necessary; but this involves a high degree of effective government, public spirit and voluntary cooperation. Any considerable weakening of the sense of family responsibility in such a country as China, therefore, would involve social problems of the greatest magnitude.

Pressure of time prevented adequate discussion of the remaining topics. The problem of birth-control was touched upon and the eugenic dangers mentioned. It was apparent that the taboos upon its discussion were probably less powerful even in Japan than they are among certain religious groups in Occidental countries. It was not regarded as of first importance in changing the family system. Chinese members recognised that to allow Nature to set the limits of population was wasteful of human life and energy; but in the present stage of development they urged that, whatever force the eugenic arguments against birth-control might have in other lands, there was a distinct danger of loss of leadership if it should be widely practised among the intellectual classes of China.

One final question was posed but not discussed when the relation of the family system to the territorial organisation of government was pointed out. Will the territorial state as we know it, with all its related expressions of nationalism, make way for a functional type of organization combining local units of personal interests with international units for the major economic and social purposes of life?

5. THE MACHINE AGE AND RELIGION

The problems of religious interchange between the Pacific peoples and particularly of proselytising by the Christian missionaries in the Orient received a good deal of attention at the previous conferences of the Institute held at Honolulu in 1925 and 1927. At the second conference particularly there was considerable discussion of the conflict which had recently been acute by reason of the anti-Christian movement in nationalist China. Round-table discussions were based largely upon exposés of the situation prepared by leading exponents of the modern missionary movement.[22] The situation was brought up to date for the information of members of the third conference by a data paper contributed by a Canadian missionary.[23]

After recapitulating the main events of the anti-Christian movement, the author stated:

> This situation seems now to be steadily improving. The evacuation of missionaries, the persecution of Chinese Christians, the temporary confiscation of mission property shook the Christian church to its foundation but failed to destroy it. The making of the Christian church and its institutions thoroughly Chinese in character and in control has proceeded rapidly, and is removing its "foreign" character. Christian Chinese are, by their sympathy with the national aims and their cooperation in the movements working for the establishment of republican institutions in the country and for the revision of the treaty relations with the West, showing that Christianity does not "denationalize" its adherents. The communistic outrages of 1927, followed by at least a temporary suppression of communism, have discredited the attacks upon religion, while there is a growing understanding of the democratic character of Christianity and the power for social reform inherent in its fundamental principle of the supreme value of the individual.

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[22] See *Problems of the Pacific* (Chicago University Press, 1928), Part II, Chap. IV, "Foreign Missions and Cultural Relations" (pp. 106–116); also Part III, Chap. IX, "Memorandum on Missions," by Henry T. Hodgkin; Chap. X, "Facing the Future of the Missionary Movement," by Edward H. Hume; and Chap. XI, "Suggestions for a Code of Ethics for the Relations between Religions," by Daniel J. Fleming.

Cf. also *Proceedings of the First Conference, Institute of Pacific Relations* (Honolulu, 1925), pp. 164 and 185–195.

[23] E. W. Wallace, "Christian Missions in China" (unpublished).

In a following section attention was drawn to some contributions which Christian missions have made to the life of modern China. Examples were given of the development of western science and modern education, of medical science, agricultural and forestry and industrial training and research, and the development of Chinese leadership mainly through the Church. The author contended also that Christian missions interpreted western culture to China and had also interpreted Chinese aspirations to the western world.

The round-tables at the Kyoto conference approached the problems of religion as situations common to all countries. The questions raised related to the impact of the Machine Age upon traditional religions rather than to the conflict of proselytising religions one with another. It is true that this conflict is itself one of the results of the Machine Age. A Japanese data paper gave evidence of the complex variety of new ideas now presented to a modern Japanese mind.[24] In its pages reference to Henry Ford, Zola, Dreiser, van Loon, Maxim Gorky, Adam Smith, Stuart Chase, Karl Marx and many other moderns, occur side by side with the ideas of Confucius and Jesus. Another Japanese paper tracing the introduction of Western philosophical ideas into modern Japan leaves much the same impression on the mind.[25] The effect of this impression is heightened by two other papers which give simple descriptions of the traditional religious conceptions of Japan.[26] It is very evident that communication with the outside world plunged Japanese ethical ideas and religious speculation into a period of turmoil.

This is perhaps as clear a case as can be cited of the disruptive effects of the Machine Age upon traditional religious beliefs; but every other country shares Japan's experience in some degree. Religious beliefs and observances could hardly remain unaffected when a changing economic order was so profoundly affecting social organisation and ethical standards. The preliminary formulation of the problems to be considered indicates how far-reaching and how interlaced the effects of these changes are. The relation between religion and patriotism, the connection of the decline of religion with changes in the family system and the weakening of parental authority, the dependence of ethical standards upon religious beliefs, the effect of democracy upon established religion, the conflict between scientific thought and religious tradition, open up vast areas for discussion. It was pointed out that the decline of formal religion (though not of interest in religious problems) in Western, and to some extent Eastern, countries is not a simple situation. Among large groups, particularly those acknowledging Catholic authority, there is vigorous life. The same statement holds true of those Protestant churches which emphasise the authoritarian view of the Bible. In both cases there is a direct influence on the family system. The repeated use in the Christian teaching of illustrations of paternal authority, paternal justice and punishment is significant.

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[24] Hampei Nagao, *Machine Age and Religion: A Japanese Layman's View* (Japanese Council, Institute of Pacific Relations).

[25] *Western Influences in Modern Japan,* No. 3 by Umaji Kaneko, "A Survey of Philosophy in Japan, 1870–1929."

[26] *Ibid.,* No. 6 by Masaharu Anesaki, "The Religions of Japan," and Takahiko Tomoeda, "A Short Remark on Shinto" (unpublished).

The definition of religion is in itself a matter of difficulty indicative of confused conceptions. Among those who have abandoned in some degree the traditional belief, it tends to be indistinguishable from a vague ethical code. It was mainly the Oriental members who insisted upon the mystical experience of communion with a God incomprehensible to human understanding, as being the essence of religion.[27] This intellectual rationalisation expresses in a different form the average man's search for refuge and authority in times of overwhelming stress and mental conflict. The discrediting of the traditional religious observances and equally of the simple, clear-cut religious beliefs, which is widespread among the present generation, takes away this refuge and authority. It was argued that the Oriental countries have more philosophy and a more acute sense of kinship with Nature to fall back upon when authority weakens and that the consequent disturbances of ethical standards may thereby be minimised.

A curious superficial effect of the Machine Age was cited in passing, when examples were drawn from Arabia, Japan and China to indicate that increased wealth and easier facilities for travel had greatly increased religious pilgrimages and had furnished means for the rebuilding and extension of temples and churches. The main effect of the Machine Age, however, is obviously derived from the enormously increased understanding and appreciation of science and scientific method. The conflict of scientific and religious conceptions is common to all countries. The student classes in Japan and China as well as America and Europe have used the methods of science to attack the magical elements of religion.

There is a sense in which the search for scientific truth is itself a form of religion and a rigorously scientific attitude may not be incompatible with a real appreciation of the mystical values of religious experience. This approach to religion is, however, almost incompatible with the view of religion as a compensation for failure or a refuge in difficulty. It is also in conflict with the anthropomorphic elements of magic which survive in modern religious thought and still more in traditional observances.

For these reasons scientific criticism has shaken the foundations of religious belief wherever that belief has rested on authority and has not discriminated between the essential and non-essential. Authoritarian religions have retaliated by attacks of various kinds upon scientific conceptions and theories. This conflict has naturally resulted in some loosening of moral ideas. The solidarity of ethics and religion has been damaged at least temporarily. The mystical element in religion has been weakened.

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[27] Cf. Tasuku Harada, "Japanese Character and Christianity," *Pacific Affairs,* November, 1929.

There are, however, other factors to be considered before it can be concluded that there has been a decline of religious belief. The conflict is largely among intellectuals; there are in most countries great masses of people who are little affected by it. There are in addition large numbers unconvinced that the ancient conceptions are wrong. There is even, it was contended, a definite trend towards taking refuge from metaphysical controversy by the acceptance of traditional authority. Even among the critics there is keen interest in what are essentially religious topics of discussion. University teachers reported a falling away of religious observances but keen controversy concerning philosophical and religious beliefs. The space given in newspapers and journals to religious topics was cited as evidence of widespread popular interest in them. It was argued indeed that the head of the intellectual procession has already turned again towards religious belief while the tail continues to march away. If that argument be accepted, it is evident that the masses of people who have never turned away are marching in the same general direction if not at the same level.

It was stated that there is no antagonism on the part of the exponents of the scientific viewpoint to personal mysticism of a religious character. But there was a good deal of discussion concerning the criticism of corporate expressions of religious faith. After some argument between British and Japanese members of the round-table on this point, a Chinese member pointed out how the positions taken reflected national characteristics. The Japanese contended strongly that individual mystical experiences were the essence of religion, that corporate forms and observances, and organisations and their works were mere attributes of religion, means to the expression of lives animated by motives derived from religious experiences. The Westerner stressed the fact that such corporate expression seemed inextricably bound up with religious experience; that men seemed unable to worship their gods except in corporate communion. The comment of the Chinese was that this might be truer in the West with its powers and belief in organisation; but was not so true of the East. It was further pointed out that the keenest criticism and most embittered controversies centered round those aspects of corporate worship and intercession which were most akin to the invocation of magic, appeals to the unknown led by experts and made en masse by large numbers of people.

There seemed fairly general agreement that the personal aspirations and needs of the present generation remained much the same as in the past and that the difficulty was chiefly due to the lag of institutional forms carrying forward the intellectual conceptions of previous experience. There was, however, some tendency to assert that younger people were shaping their decisions by ethical principles and that the mystical side of religion was weakening. There is no test by which one may forecast the ultimate result of the present disturbed period of groping for a new synthesis of religious beliefs and ethical conduct.

DOCUMENTATION

The following data papers were presented to the round-tables as prepared statements of information relative to the questions set for discussion:

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5. Ayao Kuwaki, "Development of the Study of Science in Japan."
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7. Ino Dan, "Art."
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15. Junshiro Asari, "The Development of the Social Movement and Social Legislation in Japan."
16. Hampei Nagao, "Communications in Japan."
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CHAPTER II

FOOD AND POPULATION IN THE PACIFIC

QUESTIONS FOR DISCUSSION

1. What are the population policies of the various nations?
    - (a) No policy at all
    - (b) A policy
        - i. Laissez faire
        - ii. Definite direct interference
            - With quantity of population
                - (1) Attitude favouring increase
                - (2) Attitude favouring limitation of increase
                - (3) Actual measures taken (taxation, immigration, industrialisation, land development, etc.)
            - With quality of population
                - (1) Racial consideration
                - (2) Eugenic consideration
                - (3) Actual measure taken
    - (c) The results of the above policies
2. What are the public opinions and social uses in regard to the control of population?
    - (a) Public opinion
        - i. In regard to attitude of controlling population
        - ii. In regard to actual measures to be taken
    - (b) Social usages
        - i. Birth control
        - ii. Retarded marriage age, etc.
    - (c) The result or effect of public opinion and social usages upon population growth
3. How are population policies and public opinions influenced by the possibilities of food supply, land utilisation, industrial development or immigration?
    - (a) What is the maximum population to be maintained by food resources in each country?
    - (b) What are the forces which prevent the utmost utilisation of land for the production of food?
    - (c) What are the possibilities for industrial development?
    - (d) What are the possibilities of immigration?

(e) Other considerations

4. Is there any noteworthy fact in the increase, decrease, or movement of population? Is the distribution of population according to age, sex, or social class changing?
5. What will be the political, economic, cultural, consequences of the differential rates of population growth among nations bordering the Pacific? What is the most reasonable way of straightening out the difficult situations arising from the above conditions?
6. What elements in the food and population problems of the Pacific are likely to give rise to international difficulties?
7. In what forms are these difficulties likely to take shape in conflicting national policies?
8. What steps can be taken to anticipate and forestall these difficulties?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairmen of Discussions:

J. B. Condliffe
George Lawn
Quincy Wright

Recorders:

Mrs. Frederick V. Field
Arthur Jorgensen
S. Matsumoto
E. F. Penrose
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Miss Carol West-Watson
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I. A FUNDAMENTAL FACTOR IN PACIFIC RELATIONS

The Institute of Pacific Relations was originally called into existence to "stimulate clear thinking based on adequate facts and wider sympathies" regarding "definite Pacific problems concerning which men are confused and in terms of which action must be taken."[1] It is both inevitable and desirable that the biennial conferences of the Institute should be preoccupied with problems which are of immediate political importance and threaten to make difficult peaceful cooperation among the Pacific peoples. It is equally desirable, however, that such immediate problems should be viewed in their relation to fundamental economic and social movements. Unless conclusions concerning the succession of practical day-to-day problems are based upon an adequate appreciation of the slower-moving but ultimately more powerful forces such as the movements and pressures of population upon food resources, those conclusions can be of little practical value.

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[1] C. F. Loomis, "Light from Three Conferences," *Pacific Affairs*, January, 1930.

When the first conference met in 1925 the outstanding political problem that threatened to create friction in the Pacific was that created by legislative policies of immigration restriction directed against the Asiatic peoples. The Immigration Act passed by the United States Congress in 1924 was very recent and feeling ran high upon the subject. One of the results of the conference discussions was to make it clear to all members that the problem was a general one rooted in difficult human situations. There was a particular issue between the United States and Japan concerning the manner in which the 1924 legislation had finally been passed after a bitter controversy; but immigration restriction was shown to be the policy of the British dominions also. Consideration of the problem in this wider setting led naturally to its being linked up with discussions of developing industrialism in Japan and China, of the potential agricultural resources of the Pacific islands and of the broad general questions of population as they vary from country to country in the Pacific.[2]

When the 1927 conference met, therefore, an important place on the program was reserved for discussions on the topic of Food and Population.[3] Several of the member-groups, notably the Japanese, brought data papers which were an advance upon any preparations hitherto made for the Institute. The papers submitted included two substantial studies, one by a Japanese economist on the food and population problems of Japan[4] and one by an American geographer gathering together the available material on the utilisation of land in China.[5] There were shorter studies also, on the geographical distribution of Japanese birth and death rates[6] and on the natural resources of several other countries. Discussion in the round-tables started in a broad historical approach to the subject, beginning with a consideration of the relations between the growth of population in the last century and the exploitation of the grasslands of the world; but eventually turned to an examination of the Japanese population problem in the light of the data papers prepared on that phase of the subject. The discussion, strengthened by expert participation and more adequate preparation, revealed the fundamental importance of the problem as a whole, together with a lack of basic scientific knowledge concerning its elements. Accurate information on the trends and even the numbers of the Chinese population is not available. Such information as exists concerning the natural resources and population policies of the British dominions and the Pacific islands is in scattered documents and has not been brought together in readily accessible form. The round-tables of the 1927 conference therefore found themselves unable to go beyond the question of food supply to the more fundamental question of land utilisation. Information on this point is very scanty for most of the Pacific countries. Official statistics supplemented by private expert inquiries in the United States give a reasonably adequate picture of the situation in that country; but there is not the same exact and detailed knowledge in the other English-speaking countries of the Pacific. In Japan the official statistics are probably more adequate and detailed than in any other country. A great deal of scientific work has been done upon them, but the results have not been readily available for foreign students of the subject. Information for China was almost wholly lacking. The round-tables recognised the necessity for prosecuting research in this field. It was recognised also that a whole series of new problems was being created by shifts of population induced by the recent economic changes in the Far East, notably in China. Great migratory movements had begun but the facts concerning them were but little known and no analysis of their economic and political significance was available.

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[2] *Institute of Pacific Relations, Proceedings, 1925*, pp. 169–170, 177–179.

[3] J. B. Condliffe (ed.), *Problems of the Pacific* (Chicago University Press, 1928), pp. 117–128.

[4] *Ibid.*, pp. 339–360: "The Problem of Population and Food Supply in Japan," by Shiroshi Nasu.

[5] *Ibid.*, pp. 324–338: "Land Utilization in China," by O. E. Baker.

[6] *Ibid.*, pp. 360–364: "A Note on the Geographical Distribution of the Density of Population, Birth and Death Rates of Japan," by Naomasa Yamasaki.

The International Research Committee of the Institute came into existence at the time of the 1927 conference. It was formed by each of the national research committees appointing its chairman to the International Committee. The principle of decentralization was adopted from the beginning. Each national council of the Institute, through its advisory research committee, is responsible for the initiation and formulation of the research projects within its sphere. The International Research Committee acts as a coordinating body, particularly in regard to those projects which are of significance in more than one country. The general principle has been followed of such projects being entrusted to the institution in any country best qualified to supervise the project as a whole, sections of the project being carried out under this general direction by institutions recommended by the national research committees concerned. In surveying its field of work the International Research Committee placed the fundamental problem of food and population high upon its list.

In the research program which has since been developed projects relating to land utilization, food supply, population growth, migration and settlement have been given an important place. The complexity and fundamental importance of these subjects, together with the difficulties of securing international cooperation over such a wide area have necessarily rendered progress slow. Studies now under way cannot yield even progress reports for some time. This is true of such projects as those on the trend of food consumption in eastern Asia, and the change from subsistence to cash-crop farming in the Pacific tropics, both of which are being carried on under the auspices of the Food Research Institute at Stanford University. It is even truer of the long term investigation of land utilization and population trends in China undertaken by the University of Nanking. The results of a previous investigation by this university are in course of publication and preliminary chapters were made available for consideration at the Kyoto conference.[7] The most complete study presented to the conference embodied the first results of a parallel investigation in Japan. This publication had special reference to food production and the capacity of Japanese agriculture to support the present population of Japan. It formed the basis for a great part of the discussion which is summarised below. A second Japanese paper provided a comprehensive statistical analysis of the problem of Japan's food supply in the twentieth century in the form of index numbers of the physical volume of production and importation of all the principal foodstuffs and agricultural and mineral products during the last twenty-five to thirty years.[8]

A good example of the way in which such studies of food and population bear upon practical international problems of present urgency was provided by the research studies made in preparation for the round-table discussion of the problems of Manchuria. Four of these studies were concerned directly or indirectly with migration and food production. A Japanese monograph included a detailed statement of the economic position of Japan in Manchuria and of the relation of that area to the industrial and food resources of Japan.[9] A Chinese economist made available a compact statistical study of Manchurian trade, population, migration, investment and industrial development.[10] In another Chinese paper a historical sketch was given of Chinese settlement in Manchuria and its bearings on the population problem of China proper.[11] A detailed investigation by an American authority of the recent large migration from north China to Manchuria was specially notable for the description it gave of the nine zones of settlement into which the immigrants have mainly gone. This description was supplemented by estimates of the probable capacity of these zones to receive further immigration.[12] A brief digest was also provided of a substantial work previously published in Russian and Chinese comparing the characteristics of Russian and Chinese colonization in northern Manchuria.[13] Since the mineral resources upon which industrial development may be based are at least of equal importance with the agricultural resources of this region another digest was provided of an unpublished manuscript by a Russian mining engineer on the mineral resources of the Far East.[14]

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[7] J. Lossing Buck, *Studies in Chinese Rural Economy: A Social and Economic Survey of 2,866 Farms in Seventeen Localities in Seven Provinces*, University of Nanking, 1930.

[8] E. F. Penrose, "Agricultural and Mineral Production in Japan" (to be published as a separate monograph).

[9] Masamichi Royama, "Japan's Position in Manchuria" (printed below, pp. 524–93).

[10] Chu Hsiao, "Manchuria: A Statistical Survey of Its Resources, Industries, Trade, Railways, and Immigration" (printed below, pp. 380–422).

[11] Quentin Pan, "Chinese Colonization in Manchuria."

In recognition of the fact that the migration from north China to Manchuria is paralleled by another extensive migration from south China to Malaya and Indonesia arrangements were made for a preliminary study examining some of the problems which have arisen from the migration of Chinese to British Malaya. A progress report of this investigation was available to the round-tables.[15] As in the case of the other studies of this subject the investigation will be continued for a further period.

The situation of the British dominions in the south Pacific, and also of the Pacific islands, is an important factor in any discussion of the food and population problems of the Pacific. Australia and New Zealand form one of the chief regions of surplus production of food stuffs, especially of animal products, at the present time. Their potential development in this respect is even more important when viewed in relation to the great masses of population concentrated in the north Pacific. The potentialities of the Pacific islands in regard to food supply have hardly yet been explored but the experience of Hawaii is sufficient to show their importance.

The problems of population are of particular importance to Australia, and form indeed the basis of most of the international policies that have so far been shaped in that country. The Australian Council of the Institute has therefore paid a great deal of attention to population problems and policies. In doing so it has made a fruitful experiment in the extension of the round-table conference method as used by the Institute in its biennial conferences. Members of the Melbourne and Sydney groups have prepared papers upon specific problems which were afterwards used as material for round-table discussion. Some of the results of these discussions, including the chief papers prepared, were made available at Kyoto. The first was a collection of essays which included studies of optimum population, climatic conditions of settlement, immigration policies and standards of living.[16] A second symposium also contained chapters discussing the natural resources, standard of living, development and migration policies, tariff policy, loan policy and Australian trade in the Pacific.[17] These data papers were supplemented by an important essay analysing the climatic limits to Australia's wheat producing capacity which practically sets the limits of closer settlement.[18] The Australian members of the Kyoto conference brought with them also preliminary reports of subsequent round-table discussions on further aspects of Australia's population problems and their international significance. A third volume published by the Australian Council is concerned in part with population problems as they affect the administration of the mandated territory of New Guinea.[19]

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[12] C. Walter Young, "Chinese Colonization and the Development of Manchuria" (printed below, pp. 423–65).

[13] E. E. Yashnoff, "Chinese Agriculture in Northern Manchuria" (digest translated by Lewis L. Lorwin).

[14] Boris P. Torgasheff, "Coal, Iron and Oil in the Far East."

[15] W. J. Hinton, "The Government of Pacific Dependencies: British Malaya."

The New Zealand Council of the Institute published a similar set of essays which include chapters dealing with the natural resources, farm production, population, immigration and trade of the Dominion.[20]

The extensive proportions of this preparation indicate the importance which the topic of food and population has come to assume in both the research activities and the conference program of the Institute. The preparation is not spasmodic and disconnected, but is part of a coordinated plan which is gradually being extended to the various countries in which the Institute is working. It should be regarded as part of a continuing process of research and discussion, growing out of the preceding conferences and determining the ground-plan of future discussion.

2. LIMITING FACTORS IN THE DISCUSSION

It is inevitable that the somewhat technical problems of food, population, land utilization and migration should not lend themselves so easily to round-table discussion as the political issues upon which feeling runs high and controversial positions are readily taken. The intricate nature of the factors involved, their slow operation through long periods of time and their tendency to become obscured and overlaid by a succession of immediate political problems tend to give them an academic character. This is reinforced by the necessity for profitable discussion to be based upon careful and even minute statistical preparation. Such considerations as these tend to place technical experts on this subject and the non-experts in a difficult relationship at the round-table. A great deal of non-expert discussion is based upon widely accepted assumptions which the experts refuse to accept without detailed critical examination. An interesting contrast between the expert and non-expert approach to such discussions is contained in the questions for discussion printed at the head of this chapter. The first five questions were drawn up by a sub-committee of experts and represent a somewhat academic approach to the problem which was only partially successful in stimulating profitable round-table discussion. The three final questions which were added for consideration at a later meeting of the round-table raised broader issues and evoked more profitable exchanges of opinion. The second round-table also was smaller and more homogeneous. This raises an important problem of conference policy for the Institute. It has been suggested on more than one occasion that, for such subjects as this, technical round-tables consisting mainly of experts competent to approach with a minimum of explanation the detailed complexities of the subject should be organised as distinct from the general round-tables of the conference. This suggestion has not been adopted because of a general feeling that the unity of the conference would be endangered. It has been an essential principle of the Institute's organisation also to bring members of widely differing backgrounds and experience to meet together in round-table discussion. The role of the expert has been carefully limited. There is, however, a real problem of conference procedure presented by the necessity of finding some adequate means for the exchange of technical experience and the relation of that technical experience to the broader political problems of national policy. A great amount of scientific attention is being directed toward problems of population. The use of quantitative methods of measurement as distinct from qualitative description is revealing new and unsuspected factors. A good example of the value of these quantitative methods may be found in the main Japanese paper prepared for the conference. Detailed studies of age-groupings have recently tended to show that the apparent trend of population increase in America and in northern Europe is likely to be materially altered within a generation. This is only one of the many statistical pitfalls which beset the path of those who would base their conclusions and policies upon the crude statistics which are generally issued for public use. Technical elucidation of these statistics often yields surprising results.

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[16] P. D. Phillips and G. L. Woods (eds.), *The Peopling of Australia*. Melbourne: Macmillan, 1928.

[17] Persia Campbell, R. C. Mills, and G. V. Portus (eds.), *Studies in Australian Affairs*. Melbourne: Macmillan, 1928.

[18] A. H. E. McDonald, "The Wheat-growing Industry of Australia" (printed below, pp. 247–61).

[19] F. W. Eggleston (ed.), *The Australian Mandate for New Guinea*. Melbourne: Macmillan, 1928.

[20] Sir James Allen, W. N. Benson, Walter Nash, and G. H. Scholefield (eds.), *New Zealand Affairs*. Christchurch: L. M. Isitt, Ltd., 1929.

The conference met in Japan and had the advantage of an adequate study of land utilization in that country. It was to be expected therefore that the round-tables should concentrate their discussions upon the problems of Japan.

Much of the research work which the Institute has sponsored in this field concerns the parallel problems in China; but the collection of data is more difficult there in the absence of organised official statistics. A great deal of the research in China is in fact in the nature of sample surveys for the collection of primary material. Until the results of these surveys become available there is little to be gained by discussion of the problems of food and population as they relate to China.

Concentration on the Japanese problems meant that only a limited and ineffective discussion could be devoted to such important and interesting fields as Malaya, Indonesia, the Pacific islands and even Australia and New Zealand. For some of these regions a certain amount of information was available. The great bulk of the new matter contained in the three books and three papers circulated by the Australian council of the Institute was practically unused because pressure of time prevented discussion in that field.

The concentration on Japanese problems was due in part to the tendency which was very noticeable in the round-tables for the occidental members to direct discussion to the problems of the oriental countries while the oriental members did not display the same degree of initiative concerning the occidental countries. This tendency is characteristic of all the English-speaking communities in the Pacific and is well exemplified in the Australian reports.[21] The view is consistently taken that the determination of population policy in respect both of numbers and of racial composition is entirely a matter of domestic concern. The English-speaking countries of the Pacific will not willingly permit their population policies to become a matter of international politics, or even of international discussion. In pursuance of those policies legislative measures have been taken with the object generally of preserving the economic standards as well as the desired racial character of the population. By various measures of immigration restriction and selection and also by tariff policies and in some degree by discrimination in domestic legislation of a social character, a whole set of legislative controls has been devised. A definite psychological attitude has developed and it is felt that, to use the words of an Australian paper, these are questions upon the merits of which, as considered national policies finally adopted beyond the possibility of reversal, no fruitful argument can be indulged in.

It is freely acknowledged that in various details the machinery designed for the execution of these policies can, and should be, improved and that international discussions may be valuable in revealing the areas in which such improvement may relieve international tension. The round-table discussions at Kyoto drew attention once more to one aspect of population policy in which it was felt that further discussion would be valuable. Significantly enough the suggestion came from the program committee which was considering the topics which had been suggested for inclusion in the questions to be presented to the round-table on diplomatic relations in the Pacific. It was felt that insufficient information was available to discuss the status of resident aliens in the different Pacific countries. The matter was therefore referred to the International Research Committee which drafted the following definition of the problem for submission to the research committees in the countries concerned, with the understanding that studies will be presented for discussion at the next conference.

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[21] See, e.g., *The Peopling of Australia,* pp. 10–14.

> A study of the disabilities of or the discriminations applied against resident aliens or immigrants, or naturalized aliens, or the descendants of any of them, whether general or directed against particular races, nationals or groups, established by national or dominion or state or provincial legislation, or by municipal ordinance or regulations, or by judicial or administrative application or enforcement of any of them, in any of the Pacific countries. It is intended to cover disabilities or discriminations, personal, political and economic, such as but not limited to the subjects of land ownership, leasing, trusts, etc., the doing of business by foreign companies, the holding of shares in domestic countries, trade, occupations, residence (not including the individual right of entry) and schooling.

While, however, there is often agreement concerning the wisdom of discussing details, the essential principles of population policy tend to be regarded as sacrosanct. They are principles of "national policy." Further argument on their merits is therefore regarded as impossible. With effective discussion of population policies in four major Pacific countries thus tacitly excluded, the round-tables, in the absence of adequate information on China and other oriental countries, veered perforce to the consideration of Japan's problems.

The logic of this attitude (largely implicit but quite definite) was not so apparent to the oriental members. A Japanese speaker, indeed, was moved to comment on an "undue" and probably unwarranted insistence on the observance of present national boundaries by the members present from English-speaking countries.

> The present national boundaries [he pointed out] are mostly the result of occupation or conquest. They have been changing throughout the centuries. Nobody can say that the Versailles Treaty is the last word spoken by God.

This attitude, it may be noted, was latent throughout many of the discussions in which the weakness of Japan's present economic and geographical position was quite clearly present in the minds of the Japanese participants. It is normally to be expected in any situation where the maintenance of the present status quo condemns any group to a position of relative inferiority.

A curious parallel situation was disclosed in the Manchurian round-tables when Chinese members made it clear that negotiations for reciprocity and peaceful cooperation could not appeal to China if they were based upon the assumption that no change was possible in the treaty relationships existing at present.

A large part of the case for the maintenance of immigration barriers consists of the emphasis constantly placed by the English-speaking peoples upon the maintenance of their relatively high standards of living. The standard of living of a people is a conception which urgently needs analysis and clarification. This necessity also was drawn to the attention of the International Research Committee. There is some confusion between the purely material standards of comfort made possible by a high productive efficiency and the "good life" which may theoretically be based upon them. It was urged that the relations between material standards of living and high cultural standards were not as axiomatic as many Occidentals tend to assume. It was an Australian speaker, however, who ventured to suggest the possibility of a standard of comfort being maintained at a material cost too high for the real cultural values it contains.

> It is quite true [he said] that a standard of comfort adopted conventionally by a population may contain elements of inefficiency or waste, or harmful elements.[22]

Another Australian paper was largely concerned with the thesis that true cultural development might be achieved by social discipline under conditions of comparative poverty.[23]

There seemed to be latent in the Japanese attitude a distinct challenge to the policy of regarding problems of population from a purely national standpoint. Now that the international bearings of a state's economic, social and political activities are coming more and more to be recognised, the exclusion of population policies from the field of international discussion seems an anomaly. In the face of the somewhat stand-pat attitude of the occidental countries, there is probably apparent to the oriental observer an element of incongruity in the ready cooperation which representatives of these countries display in discussing the difficulties and possible solutions of Japan's dilemma.

3. NATIONAL POPULATION POLICIES

The population policies of most Pacific countries are incapable of precise definition. The round-tables were opened with brief statements by members from most of the countries represented, as well as from some of the observers.

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[22] Report of round-table on *The Peopling of Australia,* sec. 2. See also *Studies in Australian Affairs,* Chap. II, especially the final section.

[23] A. L. Sadler, "Cha-no-yu: The Tea Philosophy of Japan," *Pacific Affairs,* October, 1929.

A particularly valuable statement was made by an observer from the Intertional Labour Office concerning the international studies of migration that have been made at Geneva. General statements of population policies, however, can be made only in vague terms of public opinion, not usually unanimous, or as the resultant effect of changing and conflicting interests in the economic and political order of a country. The policy of Australia for example was described as a kind of shifting equilibrium of such opposing forces as strategic interests, the White Australia policy and the conditions of land settlement and agricultural or pastoral development. There are, however, certain broad tendencies common to all the "new", that is the English-speaking countries of the Pacific. In the earlier stages of development and up to the end of the nineteenth century, theirs were policies of rapid increase both from within and by immigration. So long as good lands were freely available for development there was little incentive to limit the size of populations either by policies aimed at birth rates or by restrictions on migration. Nor was there any very strong feeling concerning the necessity of controlling the quality of the population.

The force of this policy of expansion at least in so far as it tended to favor large families, is not yet spent in all the occidental countries. Traces of it, largely confused with religious or social considerations, are still manifest in the official attitudes of various governments to birth-control on the one hand and in family endowment and tax-exemption schemes on the other. Such policies have both a negative and a positive aspect. They not only discountenance limitation; but endeavor by measures of public health, social legislation and positive governmental encouragement, to maximise the increase in numbers.

Within the last twenty years, however, there have been radical changes in public policy, particularly concerning the control of immigration. It is significant that one of the most important contributions to economic theory by Australian and New Zealand economists is the conception of an "absorption point" in regard to immigration.[24] Together with this growing appreciation of the difficulty of absorbing large numbers of new immigrants without unduly disturbing existing economic equilibrium, has come a definite determination to enforce selective criteria in admitting immigrants. Australia, New Zealand, Canada and the United States have all taken measures for keeping effective control over the character and extent of their immigration.

Common to all these selective policies are regulations designed to restrict the immigration of Asiatic peoples (including Chinese and Indians who are

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[24] *New Zealand Affairs,* Chap. VI, "The Absorption of Immigrants," by Lloyd Ross, and *The Peopling of Australia,* Chap. II, "Australian Population: Its Nature and Growth," by C. H. Wickens.

British subjects) to a few special classes such as students, merchants and tourists. In some of the countries such as the United States this is effected by legislation aimed at specific nationalities, while in others such as New Zealand and Australia, it is effected through the administrative machinery of the general immigration laws. In all cases, however, the acknowledged object of the legislation is to prevent the influx of Asiatic laborers and settlers with a low standard of living. In the case of the southern dominions there also exist regulations aimed at preventing the immigration not only of physically but also of socially undesirable persons.[25] The population policies of the four English-speaking countries of the Pacific, may be said in general to favor increasing numbers of selected people. There is little or no restriction, and some encouragement to rapid natural increase, while increase from immigration is strictly controlled.

Whether as the result of deliberate policies, or not, the population of the Netherlands East Indies has increased remarkably under the Dutch colonial administration. The round-tables were without any prepared material from this area but a careful statement was made by an observer. Java alone, with an area about one-fourth that of France, supports a population which has grown in a century from four millions to over forty millions. The policy is therefore now facing a change from one of unrestricted increase to one of more effective distribution of some 60 millions of population throughout the islands. Internal colonization schemes, in Sumatra for example, encouragement of industrial development and of improved agricultural methods are the principal features of a policy, the execution of which is severely handicapped by the inertia of a strong conservative agricultural tradition. The natural increase of this large population is now very rapid and is augmented by the development of effective health and educational work. Despite the density of population, there has been no important restriction of immigration. Indeed, legislation exists designed in effect to protect Chinese coolies and encourage their immigration.[26]

Distribution is also considered the only pressing population problem of the Philippine Islands. Although the present population is about twelve millions, a Filipino speaker maintained that four or five millions more could easily be supported. The development of new roads is found to be an effective means of equalising population pressures. The immigration of other Orientals, though probably acceptable to the Filipino people, is prevented under the organic law of the United States.[27]

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[25] *Problems of the Pacific*, pp. 451–474 and 483–488; also *The Peopling of Australia*, Chaps. III, IV, V, VI, and XI; and *New Zealand Affairs*, Chap. V.

[26] *Problems of the Pacific*, p. 465.

[27] *Ibid.*, p. 468.

China with the largest population of all the Pacific countries cannot be said to have a definite population policy. Indeed in the absence of practically any statistics on density of population, rates of marriages, births and deaths, and of regular census-taking, it is difficult to see on what grounds a policy might be based. A fairly widespread assumption on the part of foreign observers that China is overcrowded is challenged by many Chinese familiar with local conditions. Certain localities are acknowledged to be too densely peopled, but it is also claimed that China has the natural resources to maintain a greatly increased population if these resources be rationally and scientifically exploited. A notable advocate of this view was Dr. Sun Yat-sen who suggested the possibility of China even having a surplus of food production for export.[28] This whole subject awaits investigation. It is hoped that a good deal of light may be thrown upon it by the researches now in progress at the University of Nanking. Meantime the very fact of large migratory movements both in the south and north is evidence of a considerable re-distribution. It is known also that there are internal migrations of considerable magnitude within China itself, notably from rural to urban areas.

From direct observation, and by verification through several indirect channels, it appeared that China's most immediate population difficulty is one of re-distribution. Re-adjustments are being made rapidly as is evident from the great flow of emigrants to the Three Eastern Provinces and the important shifts of population density which are occurring within China proper.

Population policy in Japan has passed through two definite phases in the Tokugawa and the Meiji periods and now appears to be in a further stage of transition. After the Restoration, a policy of increase was consistently advocated. There was a political demand, a kind of imperialist urge, for a greater population to assert and maintain the independence of a growing nation, while there was a corresponding economic demand for more man-power to supply the labor needs of the new industrial development. Once that development was under way, the increased production and wealth of the country made possible the maintenance of still greater numbers. Under this cumulative process, Japan's population has doubled itself in the sixty years since the Restoration.

From the statements of the two principal Japanese speakers at the discussions, it is apparent that the wisdom of continuing this policy is now being questioned. There has been no official opinion expressed and according to one Japanese member, both public and official opinion clearly favors an increasing rather than a stationary population. Another Japanese expert, however, considered that governmental opinion was wavering. Thus far it has been possible for Japan to increase her population and at the same time raise her economic standards of living. This possibility seems now to be coming to an end and there is some evidence that the Japanese government is reconsidering its attitude to population increase. A commission has been appointed to investigate problems of food supply and population and attention is being devoted to the possibilities of birth-control. While the conference was actually in session Japanese newspapers reported that the birth-control clinic which one municipal authority had proposed to establish in Tokyo had been vetoed by the police department. This was cited as evidence of the conflict of opinion at the present time in Japan.

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[28] Cf. Price, *San Min Chu I*, China Council, I.P.R., 1928, Part III, Lecture 2.

4. THE RELATION OF POPULATION TO FOOD SUPPLY

One of the first problems which engaged the attention of the round-tables in discussing the relationship between population, food supply, land utilization and industrial development was the determination of the maximum population which a country might maintain with its own food resources. It is possible to make approximate estimates of food requirements for varying numbers in terms of calories based on existing diet, and even to allow in them for differences of climate. It is very difficult, however, to make similar allowances for differences in diet. The proportion of animal and vegetable foodstuffs used by a people has a direct bearing on the population which a country can support. If one could assume that all the world existed on a lacto-vegetarian diet, the maximum world population (in crude terms of food requirements) would be much raised.

Differences in diet, however, are only a part of the differences in standards of living which form the real difficulty in discussing a maximum or optimum population. It is principally these differences, both quantitative and qualitative, in standards of living which make it almost impossible to give comparative estimates of the population-supporting capacity of Pacific countries, even though the productive capacity of their lands may be known. In Australia the difficulties in the idea of the standard of living have had to be faced as a practical problem in the formulation of wage-scales, and it is an Australian data paper that gives the most striking analysis of the matter.

> Measured in calories, potatoes are dearer than meat in Australia, and by the same gauge, fruit and green vegetables are extremely expensive. The sheep requires far less shepherding in the Australian climate than the cabbage. Like other races the Australian tends to choose the line of least effort. He accepts the defects as well as the advantages of his country, and his diet contains, according to European notions, too much lean meat and not enough green vegetables, and according to the Esquimaux, an excess of both.[29]

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[29] See Campbell, Mills, and Portus (eds.), *Studies in Australian Affairs* (Melbourne University Press, 1928), Chap. II.

The differences in standards of living and the lack of any effective technique for comparing them also proved to be a major obstacle in the discussion on over-population during the second round-table. It was pointed out that over-population might exist at any given standard of living. As applied to an individual nation it might be defined as a stage when a further increase in population must result in a lowering of the prevailing standard. As used in the relative sense between different countries, the word rather indicates a relative per capita scarcity of land and natural resources, in countries which have approximately the same standard of living. Both definitions are admittedly unsatisfactory in many ways. The fact is that until some workable technique has been devised for an international comparison of standards of living, a great deal of discussion on such concepts as over-population and optimum population must remain speculative and somewhat futile. This fact had been early realised by the Australian members who made a special appeal for research in this field. The only estimate of optimum population before the round-tables was that given in an Australian data paper where under fairly narrow assumptions, the purely economic optimum population of Australia is estimated at between ten and fifteen millions.[30] Elsewhere an estimate made by a geographer on the basis of climatic conditions, gives 20 millions as the population to be supported in the agricultural belt of Australia before the present saturation of the United States is reached and 80 millions as the figure if the saturation of European countries is desired.[31]

The theoretical difficulties in the concept of over-population are paralleled in the practical sphere of public affairs by considerable differences of opinion on the existence of over-population in certain Pacific countries, particularly those countries of the Far East which are often thought to be over-crowded. There is little serious questioning of the fact that countries like Australia, New Zealand, Canada, and to a lesser extent the United States can and will maintain much larger populations than they do at present. But opinion is far from unanimous on the question of over-population in China, Japan or the Netherlands East Indies. Though Japan is the most densely populated nation of the world in relation to its area of arable land, there are not wanting observers who assert that great advances are possible both in land utilization and in industrial development, enabling the nation to support its present annual increase of 900,000 lives without distress for a long time to come. Over-population does not appear general in China but is confined to a few provinces of which Kwangtung, Kiangsu, Chekiang and Shantung are most seriously affected. It was regrettable that no information was available concerning the population movements within the territories of the U.S.S.R.

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[30] *The Peopling of Australia,* Chap. X, p. 257. This estimate is supported by a later paper prepared for the continued round-table at Melbourne and since published in the *Economic Record,* November, 1929, by M. H. Belz. Using mathematical formulas based on Professor Raymond Pearl's logistic equation, the author calculates the maximum population as 12,618,000 in about one hundred years' time.

[31] *Studies in Australian Affairs,* Chap. I, p. 26. The assumptions behind these estimates and the context in which they occur must necessarily be borne in mind when quoting the figures.

The problem of population in the Far East is essentially a problem of food supply. In the newer countries of the Pacific it might be better described as a problem of capital supply. The importance of this aspect of the problem is well brought out by one of the papers in the New Zealand studies prepared for the conference, where an estimate of the balance of trade during the recent period of economic depression since 1921, disclosed a net export of private capital (as distinct from government loans) averaging £2 m. annually. But the matter of food production is important in all the countries, whether they live principally upon their own food resources like Japan and China or depend for their imports upon selling a surplus of foodstuffs abroad like the British dominions in the Pacific. The round-table discussions therefore turned very soon to the broad subject which lies behind the problem of food supply, namely land utilization. The members had before them as data material the report of an extensive research on the problem as it affects Japan,[32] and it was thus natural that the discussion should be concentrated on Japanese conditions. This was not wholly advantageous. Conditions of land utilization in such differing countries as Australia, United States, New Zealand, Hawaii and Manchuria are such that a more inclusive discussion would have added much of direct value to this record and possibly also to Japanese agricultural methods. At no point is this more true than on the question of the limitations imposed by climatic and physical conditions on land utilization.

Geographical factors bulk largely in the conditions which determine the system of land utilization and the character of food production in Japan. The large proportion of mountainous country, much of it volcanic, is a serious handicap to a rice-using country. Only about 25 per cent of the land in Japan proper has a gradient of less than 15 degrees and only 16 per cent is classed as arable.[33] The greater part of the hilly and mountainous land is utilised by the forests which cover half of Japan. A significant part of one discussion was concerned with the utilization of hill country and slopes too steep for rice production in Japan. Opinions were expressed from several quarters that their use, principally for forests, was not the most profitable one which might be desired. In New Zealand where similar geographical conditions

[32] S. Nasu, "Land Utilization in Japan."

[33] *Ibid.*, p. 56.

exist, a large pastoral industry has been developed by the utilization of hill country and the improvement of rough pasture. It is not considered likely that Japan could expect any outstanding advances in animal husbandry, and it is possibly more profitable, as a Japanese expert asserted, for Japan to use her wooded hills for charcoal and to cut the grass on them for fodder or manure. Nevertheless there seemed, to a number of members, to be a possibility of bringing into more profitable use by improvement of grasses a considerable area of wild or waste land, where grazing conditions are now unsatisfactory.[34] In that process the practical experience of pastoral farmers in New Zealand and Australia might well prove of value. A second suggestion from an American expert concerned the possibilities of a fruit-growing industry based on the use of lower hill slopes and upland fields. The production of fruit in Japan has been greatly improved and extended in recent years, because of the introduction of new varieties and the improvement of communications (and thus of markets).[35] It was urged that no insuperable obstacle existed to prevent Japan from developing a fruit industry as valuable as that of California. With appropriate arrangements for transport and marketing, there is every possibility of the expansion of fruit growing beyond Japanese needs even to the extent of capturing and developing the bulk of the Far Eastern market for imported fruits.

Japan is only one of the Pacific countries in which land utilization is heavily handicapped by natural conditions. The crude idea of size which is gained from the study of maps of Pacific countries is responsible for a great deal of misconception as to their natural resources and population capacities. It takes its worst form in the expression of population density on the basis of total land area. Even if this is refined to give population in proportion to the area of arable land, a great deal of obscurity still remains. The importance of millions of acres of arable land is greatly diminished if they have a scanty and irregular rainfall or if they lie under snow for half a year, or again if there are no adequate means of transport to and from them. Canada, for all economic purposes, must be considered as a narrow strip of territory along the northern border of the United States. Its latitude and its transport conditions constitute the two main limiting factors to land utilization. Australia, for all its vast area, consists of a narrow rim of agricultural land about a huge inner basin of arid or semi-arid country. Rainfall and latitude are practically insuperable barriers both to agricultural and pastoral production and to settlement.[36]

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[34] *Ibid.*, pp. 70 and 215–219.

[35] *Ibid.*, p. 254. For an index-number showing the growth of fruit production see E. F. Penrose, *op. cit*, pp. 35–36.

[36] Persia Campbell, R. C. Mills, and G. V. Portus (eds.), *op. cit.*, Chap. I, and

The important fact to remember is, however, not so much the natural obstacles to the full utilization of Australia's land as the means that have been devised to overcome and even exploit those unfavorable conditions. The combination of scientific research and practical experiment in the selection of new types of wheat has done much to expand the agricultural production of Australia. The use of the merino sheep and the steady improvement of its wool-growing capacity have enabled a major industry in the production of fine wool to be built on the exploitation of arid country "where conditions resemble parts of North Africa and the country surrounding the Sahara."[37] The profitable exploitation of hill country and rough land in New Zealand has already been mentioned. It is paralleled by a quite unusual application of scientific mass production methods both to the sheep raising and to the dairying industries of that country, determined again by geographical conditions. The intensive scientific research and large-scale organisation of the sugar and pineapple industries of Hawaii, the organisation of Canadian wheat-growing under the Wheat Pool, the wholesale application of mechanical power and of machinery to agriculture in the United States and Canada are typical instances of the methods by which natural handicaps have been lessened and even put to profitable use.

The discussion of the methods evolved in these sparsely peopled lands may seem of questionable value for any bearing they might have on the problem of land utilization in Japan. The numbers of Japan's people, the character of their diet and the established economic organisation of Japanese agriculture are such as to render any wholesale copying of these foreign methods out of the question. None the less it was an expert on the whole series of problems relating to food supply and consumption who emphasised the possibilities of benefit to be gleaned from foreign methods. "It is a fact," he stated "that practically all the rice-using countries have tended to neglect the possibilities of non-irrigable land while concentrating upon the intensive exploitation of fertile valley lands." Moreover the introduction of even the simplest mechanical improvements into the farming of Far Eastern countries is hindered by the fear of displacing labor and by the cheapness of the labor itself.

It is not to be inferred from these discussions that the Far Eastern countries have failed to make use of science and experiment in their land utilization. Indeed it is probably true to say that a fair number of the Occidental members discussed problems and improvements without a thorough knowledge of

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P. D. Phillips and G. L. Wood (eds.), *op. cit.*, Chap. VIII. For a map showing the limits set by rainfall conditions to the extension of wheat-growing in Australia see McDonald, *op. cit.* (printed below, p. 248).

[37] Report of round-table on *The Peopling of Australia*, p. 6.

what has already been done in the Far East. Japan, at any rate, cannot be said to have overlooked the possibilities of scientific research. The development of sericulture, the improvement of crop-yields by seed selection, the increasing use (often on a cooperative basis) of such mechanical aids as hulling machines, are testimony to the considerable experiment and adaptation which is going on in Japanese agriculture. Nor has it been confined to Japan proper. In her colonies, especially in Korea, large sums have been spent on reclamation and irrigation work, while the introduction of new seed varieties has resulted in a great improvement in the quality of Korean rice.[38] In Manchuria the research conducted in the laboratories and experimental farms of the South Manchuria Railway Company has resulted in improved crop yields and superior types of livestock. Even apart from such scientific work, the Chinese peasant farmer in Manchuria has not suffered the agricultural tradition of China proper to prevent him from modifying his farming practice so as to turn the climatic conditions of Manchuria to good account.[39] Under the guidance and support of such institutions as the University of Nanking and the International Famine Relief Commission, the farmers of China proper are beginning to establish cooperative societies for marketing and the supply of credit.[40]

Land utilization in Japan has come at least within sight of its physical limits and very nearly to the end of its economic limits. The margin between these two must be recognised as important, though the quantitative difference in Japan is not nearly as great as in a country like Australia.[41] The difference, however, needs to be emphasized for there was some tendency on the part of non-Japanese members to speak of land in Japan classed as suitable for cultivation without due regard to its economic suitability. It is true that Japan had in 1927 some 7.6 million "cho"[42] of land considered as capable of use for crops, of which an area of a little over 6 million "cho" was given as the actual arable land;[43] but the full significance of the figures is not realised unless it is known that the initial expenses of draining, irrigating, or providing suitable access to much of the remaining 1.5 million "cho" are such as to make their utilization an unprofitable business at existing prices. The inter-relation between the margin of land cultivation and the price-level is an important one in Japan despite the fairly stable conditions of agricultural production and demand in that country.[44] In Japan proper the only important district for extension of the arable land area is the island of Hokkaido where approximately 1.5 million "cho" are classed as fit for cultivation and 450,000 "cho" convertible into paddy fields. New measures for the improvement of these lands and for their settlement from the main island by means of substantial government subsidies have been in force since 1927.[45] On the other hand, any further intensive improvement in Japanese agricultural production is not to be expected, at least under the present system of agriculture.

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[38] Nasu, *op. cit.*, p. 228, and Chap. VIII.

[39] E. E. Yashnoff, "Chinese Agriculture in Northern Manchuria" (digest and translation), p. 13: "The Chinese peasant has adjusted his crops to the peculiarities of the climate and has given chief place in his fields to the grains that mature late. In this respect he has shown more foresight than his Russian neighbor."

[40] Paul C. Hsu, "Rural Cooperatives in China," *Pacific Affairs,* October, 1929.

[41] McDonald, *op. cit.* (printed below, pp. 247–61).

[42] One "cho" equals 2.45 acres approximately.

[43] Nasu, *op. cit.*, p. 129.

Japan seems to be at a turning point in her national economy. Her land though now thoroughly exploited is unable to supply her with sufficient food to meet the needs of her growing population. For the last ten years or so her food consumption has exceeded her home supply and she has had to rely increasingly on imports from her colonies and abroad to make up the deficiency. The shortage of rice in 1927 amounted to more than 55 million bushels of which over 20 million were supplied by foreign countries, and that in spite of a protective tariff. A comparison was drawn at one round-table between Japan's present position and that of England just before the abolition of the Corn Laws. She faces the difficult choice of remaining practically self-supporting for food or of following England's example and becoming industrialized and dependent on imports for food supply. To do the first almost certainly involves drastic reduction of her population increase and the virtual subsidising (directly or by protective tariffs) of agriculture. The other process involving a transition to an industrial economy is already under way, but its completion will probably result in just such an agricultural depression as overtook England in the middle of the nineteenth century. The whole trend of events is toward this second alternative, but Japan is not yet prepared to face the sacrifice of her agriculture. She is still predominantly an agricultural country. About half her people are engaged in agricultural pursuits. Her total agricultural production is valued at some 4,500 million yen and in the 7,500 million yen of industrial production there is approximately 3,000 million yen worth of agricultural products consumed as raw materials. The prospect of a large agricultural revolution is therefore serious. The difficulties are probably even greater than those which confronted England a century ago, for international competition in the sphere of industrial production is strong today and there are few markets left unprotected by tariff walls.

Thus far the leaders of Japan have tended to compromise with the situation. They wish to hasten on the process of industrialisation without sacrificing agriculture. To ensure this last condition, a tariff on food imports is imposed, though it is recognised that such a tariff adds to the cost of industrial products which must be sold in a world market. Indeed the whole question of industrial development in Japan is vitally bound up with the problem of tariff policies. This relationship is of course common to most industrial countries but with the probable exception of Great Britain, it affects Japan more critically than any other part of the world.[46] It is highly probable that a major part of the discussions at the next Institute conference on such problems as industrialization and population will be concerned with the tariff situation and with other barriers to international trade in the Pacific.

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[44] See *ibid.*, Chap. III, sec. 3, for a series of estimates on the relation between the exploitation of arable land and external economic factors.

[45] *Ibid.*, p. 110.

The process of industrial development is no easy task for Japan. Apart from the difficulties and possible distress involved in the transition, there are major natural hindrances. Japan, unlike England, is not pre-eminently fitted by nature for industrialization. She lacks three of the fundamental raw materials, coal, iron and petroleum, and while the deficiency in coal and oil can be made up in part by hydro-electric power with which she is well supplied, the shortage of iron ores and coking coal is more serious. Japan is already highly dependent on China, especially Manchuria, for her supplies of these basic materials, as well as for foodstuffs and other raw materials.[47] Moreover the possible advantages in trade of low labor costs are fast disappearing. The wages of industrial workers in Japan are approximating more to those of Europe than to those of Asia. While theoretically wage rates are not the deciding factor in trade advantages, yet it was felt by at least one Japanese speaker that they would have an important influence in deciding the general character of Japan's industrial development. With wages at a higher level than China, he considered that Japan could not eventually maintain an advantage in the relatively unskilled industrial enterprises. A similar questioning of her capacity to become a leading industrial nation has been made in the investigations of costs and efficiency of industrial output conducted by foreign economists. Japanese members of the round-tables considered that the evidence so far is inconclusive, and that Japan may possibly find a solution by specialisation in fairly skilled types of production. The whole intricate problem of Japanese industrial development was postponed for later consideration. Discussion of it in this round-table on food and population was confined to inquiring how far it could or could not provide an ultimate solution of Japan's population problem.

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[46] E. F. Penrose, *op. cit.* "Japan cannot afford protectionist tariffs. In the United States with its vast natural resources and extensive land area, protection cannot prevent a considerable rise in the standard of living But Japan is a relatively tiny area as compared with the United States, and yet within its borders a population a little over one half that of the United States struggles to eke out a living. In food and housing the standard of living in Japan is markedly inferior to that in western countries. What is needed is not that Japan should maintain its present standard, or slowly increase it by very small increments, but that a very substantial advance should be made. Having regard to the extent of the natural resources and land area within its borders no argument is required to show that this cannot be effected by a self-contained economy, but pre-supposes extensive participation in world exchange of commodities. The more such participation is restricted by protectionist tariffs, the more difficult it will be to increase physical production and the national income and to raise the standard of living" (Chap. VIII, p. 65).

[47] M. Royama, "Japan's Position in Manchuria" (printed below, pp. 578–84).

5. POPULATION MOVEMENTS IN THE FAR EAST

In the discussion of remedies for Japan's population problem, the possibilities of emigration naturally came up for consideration. This soon expanded into a generalised discussion of the value of emigration as a solution of over-population, which in turn led to descriptions of migration now taking place in the Far Eastern countries. Logically it is probably more suitable to deal with these three aspects in the reverse order so that generalisations may be stated in the light of conditions already revealed in parts of Eastern Asia.

China proper is the centre from which the chief migratory movements of the Far East have originated in recent years. To the north into Manchuria and southward into Indo-China and Malaya there have been important movements of population with far-reaching effects on the economic development of these two regions. A good proportion of these migrations has been a seasonal labor movement but in the last few years the numbers of immigrants remaining for permanent settlement, and the numbers of women and children have shown marked increases both in British Malaya[48] and in Manchuria,[49] thus indicating a definite tendency to permanent colonization. The southern migration is of unusual significance for its effects in Malaya, but it cannot compare in magnitude with the movement into Manchuria where the annual number of immigrants has increased from 390,000 in 1923 to over 1,000,000 in 1927 and over 900,000 in 1928. In the last two years over 60 per cent of these immigrants on the average have remained as settlers chiefly in northern Manchuria. The difficult political complications arising out of the economic development of Manchuria under a combination of agriculture (in Chinese hands) and transport and mining (largely in Japanese hands) were the subject of another round-table discussion, and need not be enlarged upon here. The round-table on food and population concerned itself surprisingly little with the actual conditions of migration either in Manchuria or elsewhere, but in one

[48] See W. J. Hinton, *op. cit.*, p. 27.

[49] C. Walter Young, "Chinese Colonization and the Development of Manchuria" (printed below, pp. 423–65).

respect these conditions served to illustrate an interesting general principle of migration.

It has been usual to consider population density or at any rate population pressure as among the major causes of migration. It has certainly been considered one of the causes of the migration from north China to Manchuria. In the round-table, however, it was strongly argued by an American member that the basic cause lay in differences of standards of living which are not necessarily correlated with density of population. The marked internal drift of population from the northern to the southern provinces of China proper was cited as an illustration of migration from an area where standards of living have been reduced by a series of natural and political catastrophes to an area of relatively high population density. The proximity of Japan and Manchuria with the absence of any considerable migration between them, and the administrative restrictions which are imposed to retard the immigration of Koreans into Japan proper are further instances of the "law" that migration tends to occur under the inducement of higher standards of living rather than under the compulsion of high population density. It appears, however, that the movement of Chinese to Manchuria is the product of both factors, chronic over-population and inadequate land utilization, in Shantung particularly, combined with the "economic magnetism" of north Manchuria with its potentially higher standard of living and unoccupied lands.[50]

The fact that Manchuria has not provided a field for Japanese emigration is not to be explained solely on grounds of differences in standards of living although this is doubtless a major factor. A Japanese expert maintained that competition from the Chinese farmer with lower standards of comfort was not sufficient to prevent trained Japanese farmers from prospering in Manchuria, though unskilled Japanese laborers could not hope to compete with the Chinese. In his opinion the real difficulties confronting the settlement of Japanese agriculturists in Manchuria are due to climatic conditions to which the Japanese do not easily adjust themselves and to political conditions under which Japanese have not felt secure of their property and lives outside the Leased Territory and the Railway zone, and under which it has been made rather difficult for the Japanese farmer to lease lands in Manchuria.[51] On the Chinese side it was asserted that competition from the Chinese farmer was the effective barrier to Japanese settlement and that in comparison with this, difficulties of land-holding were a negligible factor. Additional color is lent to the view that standards of living are the decisive factor in checking Japanese settlement in Manchuria by the fact that Koreans have found it possible to engage in rice-growing in competition with the

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[50] See Young, *op. cit.* (printed below, pp. 423–65).

[51] See Royama, *op. cit.* (printed below, pp. 551–53).

Chinese.[52] Thus far, at any rate, Manchuria has not provided an outlet for Japan's population increase. Manchuria contains only about 893,000 Koreans and 203,000 Japanese, and of the latter some 97 per cent live in the Kwantung Territory or the other areas under Japanese consular jurisdiction, while an insignificant fraction of them is engaged in agriculture.[53] Manchuria has rather provided Japan with a field for what has been called the "vicarious migration" of capital.

Whether this condition of things will remain is still to be seen. It may be, to quote from an address by a Japanese member that when the Japanese "can properly buy or lease land in Manchuria, another stream (of emigration) will certainly go in that direction."

It is now fairly generally accepted that emigration as a solution of over-population is only of minor and temporary importance. In the light of the round-table discussions, however, one may well add two important qualifications to this statement. In the first place it is more in accord with historical and contemporary evidence, as an American speaker indicated, to say that emigration is no remedy for over-population in a country whose standard of living is rising. Where that standard is falling, emigration may possibly give relief. In this distinction there may be found at least some explanation of the difference in the magnitude of Japanese and of recent Chinese emigration, especially to Manchuria. In the second place it is of little practical interest to discuss permanent "solutions" of any population problems. It is a problem which has no final solution. "All our exertions" as a Japanese spokesman put it "to solve any kind of population problem mean doing something which will relieve certain difficulties at the time and not be detrimental to the healthy development of a country." The opinion seemed to prevail among Chinese and Japanese members that emigration is of more than psychological importance, though the psychological element is probably uppermost in the case of Japan. In China, however, the relief caused by emigration from over-crowded areas may give a population breathing-space in which to make better reorganisation of its food supply or land utilization before population pressure again becomes intense.[54]

The purely psychological importance of emigration and of the existence of legislative hindrances to it was repeatedly stressed by Japanese speakers, and apparently fully recognised by all members. "When you have a place to send even a mere fraction of your people, you do not feel stifled. That will give hope and courage to the whole people and help to stimulate the vitality of the entire nation." The suggestion that the Japanese are not a migrating people was vigorously refuted with illustrations of their position in Hawaii, California and Brazil. Japan is still making what use she can of assisted emigration to such places as Brazil where some 10,000 Japanese are settling annually and to Hokkaido which can absorb little more than the annual increment of Japan's population for two or three years.[55] On the part of the westerners at the round-table there was a general appreciation of this psychological factor and agreement that it should be recognised by the removal or improvement of discriminatory aspects of immigration policies, especially where such discrimination has a background of unscientific ideas of racial superiority.

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[52] *Ibid.:* "In 1926 the Japanese farming population in Manchuria was only 2,326. In contrast with this small number there were more than 700,000 Koreans engaged in rice culture in different districts of Manchuria, and this in spite of uncertainty with respect to their rights of land tenure and oppression by local Chinese officials. The total area of rice fields in Manchuria is about 1,120,000 tan and the annual rice production is about 2,300 koku. Of this production the Koreans are responsible for 70 per cent, the Chinese for 24 per cent and the Japanese for only 6 per cent."

[53] *Ibid.*

[54] See Quentin Pan, *op. cit.*

6. THE CONTROL OF POPULATION

The discussion of possible remedies for Japan's population problem naturally included some comment on the possibilities of limitation of population and on birth-control in particular. There are, however, other forces which tend to reduce population growth, and which may be examined at this stage in their bearing on Japan. The increase in the average age of marriage, which is a general characteristic of a rising standard of living, is already to be observed in Japanese statistics. Twenty years ago most Japanese women married before the age of 20 and most men before 25, whereas nowadays the usual age of marriage for women is from 20 to 24 and for men, 25 to 30. This tendency has close bearings on the age-grouping of any population and in particular on the proportion of women of child-bearing age. In Japan its effects seem to be appearing, and a Japanese expert pointed out that the proportion of people between the ages of 15 and 59 has dropped from 59 per cent 35 years ago to 55 per cent. In western Europe and North America, as recent investigations have shown[56] this tendency has gone so far as to counterbalance the effect of natural increase and these countries are faced with the likelihood of stationary or decreasing populations within the next two or three decades.

The effects of a reduction in the birth rate, whether from delayed marriages or from policies of birth control, do not become apparent for at least a generation. Such methods afford no immediate escape from the problem though ultimately they are effective as a rule. A reduced birth-rate, however, may have little effect in the population increase if it is offset by a greater reduction in the death rate, as in Australia and New Zealand where a low birth-rate is associated with an unusually low rate of infantile mortality and a high rate of natural increase. And since a rising standard of living is often accompanied by a reduction in the death-rate as well as in the birth-rate, there is no guarantee that Japan, for example, will solve her problem merely by methods of birth-control.

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[55] See Nasu, *op. cit.*

[56] See Kuczynski, *The Balance of Birth and Deaths in Western Europe.* New York: Macmillan, 1928.

The statistics of recent years seem to indicate that Japan has passed the climax of her population increase. Since 1924 the rate of natural increase has declined, and the average size of families tends to decrease.[57] The official attitude towards birth-control has become more favorable and the recent Commission on Food and Population has given the matter serious attention. A bureau was to have been established in Tokyo for the provision of information on the question but was vetoed by the Police Department. Moreover the discrepancy between official policies and general practices is probably as marked in Japan as in western nations, and there is little evidence to show that the Japanese people are irreconcilably opposed to contraceptive methods in general or that the idea of the large family is deep rooted in Japanese history. There is, in fact, no insuperable obstacle to prevent the present Japanese birth-rate of 34 per 1,000 from being reduced to 20 in the near future.[58]

The possibilities of birth-control as a remedy for Japan's problem, are, however, less reassuring than might at first appear. In any event, the suggestion that Japan should use it further as a remedy, is in questionable taste when coming from members of western nations. A Japanese speaker pointed out that hardly any of these nations have officially sanctioned birth-control and many of them are officially opposed to arrangements for giving information on it. While other nations thus decline to adopt it as an official policy, it is hardly fair, he contested, to expect Japan to do so at least until all other solutions have been exhausted.

7. INTERNATIONAL BEARINGS OF POPULATION PROBLEMS

The urgency of the Japanese problem tends to obscure the international significance of population problems in the Pacific. While these international aspects were not discussed at all fully in the round-tables, a number of interesting and difficult situations were brought to light and may conceivably provide ground for extended discussion at future conferences. Of these problems, perhaps the most interesting is that relating to the development of the Pacific islands, in which are bound up all kinds of issues—food supply and land utilization, industrial development, miscegenation, immigration policies and a host of others. In Malaya and Fiji, Great Britain has already a set of problems to do with economic development and the protection of native populations, while New Zealand and Australia are concerned with similar problems in New Guinea, Samoa and other islands. The difficult question of Asiatic immigration looms large over all the islands, whether it is concerned with the settlement of Chinese in Malaya and the Dutch East Indies, of Indians in Fiji, of Tonkinese in the New Hebrides, or of Filipinos in Hawaii. It is yet to be seen whether such principles as the maintenance of the standard of comfort or the admission only of those peoples who can readily be assimilated —principles which have been embodied in the immigration policies of the English-speaking countries of the Pacific—will remain valid or appropriate if applied to these islands of the Pacific.

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[57] N. Yamasaki, "A Note on the Geographical Distribution of the Density of Population, Birth- and Death-Rates of Japan," *Problems of the Pacific*, p. 361.

[58] E. F. Penrose, *op. cit.*, p. 69.

The political complications in Manchuria provide a striking example of the international bearings of the problem of food supply. Related to it is the international problem of raw materials. The need for equal or at least equitable access to raw materials, was emphasized repeatedly by Japanese speakers as a requisite for the alleviation of their population problem, and by an American expert as one of the conditions to a levelling up of standards of living. Obviously the principle involved in equal access to raw materials is directly counter not only to various policies of conservation and restriction of output, but also to a great part of the opinion that lies behind national tariff policies.

Permeating all these questions is the fundamental international problem which arises out of differences in standards of living in the Pacific countries. Very little quantitative or scientific knowledge is available on the matter, and yet it lies at the bottom of practically every phase of population and migration problems. An American expert went so far as to urge that this co-existence of unequal economic standards of living in a world which is practically an economic entity is the outstanding international problem of the world as well as of the Pacific. It would seem, he maintained, that we can hope for peace and fair play among the nations, when, but hardly before, they have each reached a fairly high standard of living. There is pressing need for the study of methods by which this levelling-up process may be initiated. The attempt has already been made in the field of international labor legislation, under the guidance of an international organisation.[59] The effect of tariff barriers on the maintenance or levelling-up of standards has been studied and discussed by the International Economic Conference of the League of Nations but mainly with reference to Europe. In the meantime the levelling-up is hindered by the lack of all kinds of essential information. No satisfactory technique

[59] "The International Labor Organisation and Pacific Countries" (memorandum prepared by the I.L.O. for the Kyoto Conference).

has been developed as yet for the comparison and measurement of standards of comfort or for appraising the "use-value" of a standard of comfort in relation to its money cost. Information on comparative productive efficiency among the principal Pacific countries is very imperfect. The implications of the principle of fair distribution of raw materials, and of its conflict with the principle of national autonomy (especially in the realm of tariffs and embargos) have scarcely been studied at all in relation to the Pacific. Yet a knowledge of all of these things will be necessary before conditions of labor, conditions of food supply, conditions of agricultural and industrial development, conditions of international trade, can be so re-adjusted as to make possible some measure of progress in the "standardising" of living among the Pacific nations. This chapter closes as did the round-tables on food and population with a consciousness of many factors yet to be uncovered before the approach to solutions of the problem is begun.

DOCUMENTATION

The following studies were presented to the round-tables as a basis for discussion:

AUSTRALIAN GROUP, "Report of Round-Table on International Relations."

AUSTRALIAN GROUP, "Report of Round-Table on the Peopling of Australia."

J. LOSSING BUCK, *Studies in Chinese Rural Economy: A Survey of 2,866 Farms in Seventeen Localities in Seven Provinces,*" University of Nanking, 1930.

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E. E. YASHNOFF, "Chinese Farming in Northern Manchuria" (digest of Russian edition by Lewis L. Lorwin).

C. WALTER YOUNG, "Chinese Colonization and the Development of Manchuria" (printed below, pp. 423–65).

CHAPTER III

INDUSTRIALIZATION IN THE PACIFIC COUNTRIES

QUESTIONS FOR DISCUSSION

1. In what ways and to what extent are the social and economic effects of industrialization (a) detrimental (b) beneficial, to the workers or to the community? (For example, with respect to wages, hours of labor, working conditions, employment of women and children, standards of living and unemployment).
2. Does industrialization necessarily involve
   (a) the destruction of small industries?
   (b) the decline of agriculture?
   (c) the break-up of village organization?
3. In what, if any, degree may increasing industrialization in the Pacific area be accompanied by
   (a) a greater or less concentration of economic control?
   (b) a greater or less inequality of wealth distribution?
   (c) a general raising or lowering of standards of living?
4. In view of the fact that every country of the Pacific is facing special difficulties in the solution of social and economic problems arising from changing industrial conditions, what can each learn from the experience of the others by way of
   (a) utilising forms of social and economic organization already in existence?
   (b) suggesting new forms?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairmen of Discussions:

Tamon Mayeda
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Recorders:

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I. BACKGROUND AND PREPARATION

The discussions of industrialization in the three round-tables at the Kyoto conference differed materially in their scope and emphasis from the corresponding discussions held in 1927 on industrialization and foreign investment. This difference arises more from the nature of the questions set out in the discussion syllabus than from the character of the data papers prepared for the round-table. The discussion outline put before the 1927 round-tables involved consideration of a wide range of subjects.[1] It required consideration of the material pre-requisites of industrial development; called for an examination of the extent to which such development had proceeded in various centers and of the probable effects on the lives of workers in Pacific countries; called attention also to the scope of available markets for industrial products and to the need for further development of means of transport; and involved study of a whole series of problems relating to the supply of capital essential for industrial development in many of the Pacific nations and necessarily therefore to problems of foreign investment, public debts and taxation.

The documentary material on which the discussions were based comprised a general analysis by a British economist in China, of the extent and growth of industrial production and foreign trade in the Far Eastern countries with an examination of the repercussion of this development on European industries, notably the cotton industry.[2] This analysis was supplemented by a Chinese economist who contributed a study of the evolution of industrial organisation in the manufacturing industries of China, describing in turn the workshop, cottage and modern factory types of industry and concluding with a statement of some of the factors governing the course of modern developments.[3] A Chinese sociologist made available an extensive study of the Chinese labor movement. This included a brief history of the movement up to 1927; a description of the various organisations; a statement on the growth of labor legislation in China and on labor disputes; and also examined the relationship of the labor movement to other social movements in China and to such international problems as Chinese contract labor in the Pacific.[4] A short study was made by a Japanese banker of the causes and course of the financial crisis which overtook Japan early in 1927.[5] An American financier examined one aspect of the problem of foreign investments from the point of view of the international banking concern.[6]

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[1] Cf. *Problems of the Pacific* (J. B. Condliffe, ed.; University of Chicago Press, 1928), p. 129.

[2] *Ibid.*, p. 315: W. J. Hinton, "A Statement on the Effects of the Industrial Development of the Orient on European Industries."

[3] *Ibid.*, p. 392: D. K. Lieu, "China's Industrial Development."

[4] *Ibid.*, p. 409: Ta Chen, "The Labor Movement in China."

[5] *Ibid.*, p. 436: Junnosuke Inouye, "The Financial Crisis in Japan."

It is not altogether surprising that round-table discussions should be concentrated on particular topics where data are most lacking. Discussion as well as controversy is less likely to be stimulating when all the facts are at hand. It is a marked and possibly inevitable characteristic of the conference discussions that major data papers are relatively little used as a basis of discussion. The round-tables tend rather to turn towards new and unexplored fields which call for additional investigation. Conference discussion is thus often a stage in advance of the research which supplies the data papers. The 1927 round-tables on industrialization devoted comparatively little attention to the labor problems created by industrial development in China, on which a major study was available, and a good deal of attention to the problem of foreign investments on which such essential information was then lacking. Indeed from this discussion arose the plan to conduct a large cooperative research into the problem of foreign investments in China. Five preliminary reports of this investigation, giving estimates of American, British, French, German and Japanese investments, were available for the 1929 conference.[7] Similarly the obvious paucity of knowledge of the progress and extent of China's industrialization revealed the need for long-term intensive studies of typical Chinese industries. Accordingly, under the direction of the Nankai University Committee on Social and Economic Research, an investigation was begun into the principal industries of Tientsin as a characteristic industrial area. A first product of this research[8] was available for the Kyoto conference in the study of the carpet industry in Tientsin—an industry which is in an interesting transitional stage between the workshop and the factory system, and to which the machine technique has not yet been applied. Parallel studies of the cotton-spinning, flour-milling, silk-weaving and hosiery industries of Tientsin are in course of preparation.

These regional studies were supplemented by a statistical enquiry into the cotton industry of China as a whole.[9] It is a study of capital ownership, labor conditions and output in what is the most noteworthy branch of modern industry in China whether in economic importance or in international trade relations. A statistical investigation of different character was prepared by the Director of the Nankai Research Committee.[10] Based on an elaborate statistical method, it records the course of China's foreign trade during the last half century in terms of commodities and is unique in Chinese statistical research. The Nankai Committee was also responsible for a brief study indicating the extent of industrial development (chiefly in manufacturing) in China.[11] It is not an intensive investigation but rather a compilation of material based largely on existing official statistics. Some of these are admittedly incomplete and unsatisfactory. They serve, however, to present the salient tendencies of industrialization in brief compass.

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[6] *Ibid.*, p. 443: Jerome D. Greene, "The Role of the Banker in International Relations."

[7] Titles given in the list of documents at the end of Chap. VI (pp. 152–53).

[8] H. D. Fong, *Tientsin Carpet Industry*. Tientsin: Nankai University, 1929.

[9] D. K. Lieu, "China's Cotton Industry" (printed below, pp. 262–99).

[10] Franklin L. Ho, "An Index of the Physical Volume of Foreign Trade in China, 1868–1927" (printed below, pp. 300–12).

A number of data papers which are included in the documentation of this chapter and which contain information on industrial problems in the Far East are primarily concerned with other topics, notably those relating to Manchuria and to food and population. Representatives of the International Labor Organization at Geneva and at Tokyo also prepared papers, one relating to the labor of women and children in Japanese industry and the other on the work of the International Labour Organization as it relates to industrialization in the Pacific. The two symposia published by the New Zealand and the Australian groups also contained chapters relevant to the question.

Considering the wide range of this documentation it is remarkable to find that the round-table discussions were confined to quite narrow limits. Some of the limits are apparent from a glance at the list of questions printed at the head of this chapter. The syllabus provided no specific opening for the consideration of foreign investments, of "labor" problems as apart from general social problems, or of trade and communications. It asked few questions directly related to recorded facts or to present realities, but directed attention rather to future possibilities which necessarily called for expressions of feeling and opinion. The actual range of discussion in the round-tables, however, was limited even further, for the second and third questions were hardly discussed at all and by far the greater bulk of time was devoted to the first question. The round-tables were thus primarily engaged in examining some of the social effects of industrialization with particular reference to conditions in Japan and China. There was a marked inclination on the part of nearly all members to take the actual process of industrialization very much for granted, to accept it as practically inevitable and to look upon its net social results as beneficial rather than harmful to human welfare because of the higher standard of living which is eventually made possible by it, even at the cost of much temporary social distress and upheaval.

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[11] Franklin L Ho and H. D. Fong, *Extent and Effects of Industrialization in China.* Tientsin: Nankai University, 1929.

2. THE PROCESS OF INDUSTRIALIZATION

The term industrialization must be interpreted differently as it is applied to different countries of the Pacific. In fact it appears evident from the discussions that the content of the word was not the same in the minds of all the members at the round-table even when it was being applied to one country such as China. The possible ambiguity in the word as employed by various students of social and economic problems is pointed out in a Chinese data paper.

> The latter have oftentimes written on the industrialization in China, which, in their mind, seems to imply the economic transformation of China that is now rapidly taking place under the impact of the West. In this sense, industrialization is also identified with the more commonly understood change, industrial revolution. Industrialization, or industrial revolution, however, must be given a more strict interpretation for our purpose, as it has been in the western literature in recent years. The term "Industrial Revolution in England," for instance, was at first, and is still employed by some writers to describe the revolution in manufacture, agriculture, trade, and transport; but in its strict sense, it is now used to describe the revolution in manufacture alone. Similarly, industrial revolution or industrialization for our purpose describes the revolution in manufacture—the application of the capitalistic economy of large scale production to manufacture, especially with the aid of power driven machinery.[12]

The restricted interpretation stated in the foregoing passage was adopted for the purpose of defining the scope of an investigation to workable limits. But there is no reason why the broader conception, best designated perhaps by the term industrial revolution, should not be accepted as the more illuminating interpretation. If this is done, it is possible to go a stage further and look upon the economic and social transformation which is wrought in any country through the wholesale application of mechanical power and machine processes to its manufacturing, transport, or agriculture, as a natural extension of a world-wide process which became manifest first in England, spreading thence to Western Europe and North America, and is still in the course of expansion. In this way it is easier to perceive the connections between the movements in the Pacific countries which go under the common name of industralization but display many dissimilar features. It becomes easier for instance, to understand the existence of a high degree of industrialization in regions where agricultural or pastoral industries are of greater economic importance than manufacturing. New Zealand[13] and Hawaii are cases in point. The adoption of machine methods in the agricultural industries of

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[12] *Ibid.*, p. 1.

[13] Cf. *New Zealand Affairs* (Christchurch: L. M. Isitt, 1929), especially Chap. IV, "Farm Production and Population in New Zealand."

North America combined with a large scale organisation of marketing and transport facilities, well exemplified in the Canadian wheat growing industry, is essentially a process of industrialization.

Because of the picture it gives of the course along which industrialization has proceeded not only in China but in the principal industrial areas of the west, a passage from the preface to a Chinese study is quoted here at some length:

> The replacement of small workshops by large factories, the substitution of handicraft by machine technique, and the rise of a class of wage-earners in place of the independent craftsmen, all these tend to revolutionize the social and economic life of a nation noted for its economic medievalism. The transformation of the old Chinese gild into the employers' association on the one hand, and into the trade union on the other, indicates the appearance of a class struggle and the rise of a nascent labor movement. The increase of industrial disputes and the resort to strikes and lockouts become a recurring phenomenon of Chinese economic life. The evils of child and woman labor begin to engage the attention of social reformers. The rising cost of living brings forth the issue of a fair wage and income, and calls attention to the importance of a thorough and systematic investigation into the family budgets of the working class. Labor legislation, formerly unknown to Chinese politics, now becomes an integral part of the government's social policy. The development of natural resources, the growth of new means of transport and the increase of modern banking and financial institutions, help jointly to foster the manufacturing industries. The rise of such industries changes the whole outlook of Chinese municipal life, as towns and villages are transformed into industrial centres. There is meantime a cityward movement of population tending towards urbanization, which creates in turn the housing problem. Trade also increases, as well as changes in character.[14]

The much debated question of how closely the newly industrializing or still undeveloped countries of the world will follow in the path of the industrial nations of the west, entered into the round-tables on more than one occasion. Theoretically it is clear that technical knowledge of the processes of production and distribution has advanced so far that it ought to be possible for newly developing countries to take a good many short cuts and avoid much of the cost of readjustment and experiment through which the older industrial countries have had to pass. The development of electrical energy from water-power or from coal is usually cited as the outstanding illustration of this possibility. The easy transmission of power opens up the interesting possibility that future industrialization will not involve the same degree of urban concentration with its accompanying social complications as has been considered inevitable in the past. For those countries whose populations are still principally engaged in agricultural or pastoral work, it provides a hopeful method of raising standards of living. Agricultural work involves a good deal of seasonal unemployment which might well be obviated if such work could be dovetailed with employment in village industries. In another direction, the knowledge of the economies and improvements which can be effected by adoption of the principles which go under the general name of rationalisation is at the disposal of the world. It is not inevitable therefore that industrial development in the future should be so marred by waste, unnecessary duplication and destructive competition as it has been hitherto.

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[14] H. D. Fong, *op. cit.* (Preface).

These are all possibilities. It is to be regretted that discussion of them was not reinforced by more concrete instances of their realization. There is as yet little sign of such innovations in the industrialization of Japan or China. The process there has gone pretty much along the regular channels. It must be remarked moreover that such reforms are not without their risks. Rationalization, as a Canadian speaker pointed out, has, in common with paternal welfare legislation, removed some difficulties only to create others. The unemployment of older workers in some American industries is only one example.

It is easier to describe the process of industrialization than to give a precise measurement of its extent. A possible method—probably the only practical one—is to give statistics of factories, of industrial output, of capital equipment and costs. One can say that the capital value of the Japanese cotton industry was estimated in 1927 at 467 million yen[15] as compared with the 361 million Mexican dollars of the Chinese industry.[16] Yet the method is far from satisfactory. In the first place the absence hitherto of adequate national statistics prevents its effective application to the measurement of China's industrial development. In the second place mere figures give only an imperfect idea of the economic upheaval and the international repercussions which lie behind them. The transformations that occur in the methods of producing and transporting commodities are accompanied by changes in the financial structure of industries and in the whole fabric of national finance, banking and commerce. To stress the reactions produced upon the social life of a nation by the process of industrial revolution, is unnecessary. An account of the principal social reactions which held the attention of the round-tables is given below.

3. SOCIAL EFFECTS OF INDUSTRIALIZATION IN THE FAR EAST

A glance at history reveals the fact that certain broad tendencies are common to the process of industrial development in all countries but that the process is modified everywhere by the existence of tradition and by the prevailing social customs. Such modifications are specially evident in the new social organisation which is being evolved in China and Japan as the process of industrialization is extended. In these countries the disruptive social tendencies of industrialism have come into contact with a long established type of traditional social system. The new industrial order of the Far East accordingly shows certain features which are not generally characteristic of industrialism in the west. The particular feature which engaged the attention of one round-table was the emergence of the dormitory system in China and Japan.

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[15] Shiroshi Nasu, *Land Utilization in Japan*, p. 12.

[16] D. K. Lieu, *op. cit.* (printed below, p. 266).

This is a product of the redistribution of population arising out of the concentration of labor in newly created industrial areas. One manifestation of these internal migrations in England during the period of the Industrial Revolution was serious overcrowding in the industrial towns of the north. It is known that various types of dormitory system were evolved in England and the United States during this period and especially in the early stages before the movement of population had assumed large dimensions. Industrial enterprises at that stage were obliged to recruit their labor from far afield and were often under the necessity of providing accommodation until the towns in the new industrial districts were enlarged to take care of their increasing populations.

A similar set of conditions seems to have brought the dormitory system into existence in Japan and China. Furthermore a social tradition seems to have made its adoption practically unavoidable in Japan. Due in part to the architectural arrangement of Japanese houses which makes it difficult to ensure privacy, families are loath to rent rooms to strangers and the establishment of private boarding houses is thus not considered an attractive business proposition. An official of the South Manchuria Railway Company said he had tried vainly for a number of years to induce private individuals in the Leased Territory to set up such establishments. Confronted thus with the necessity of providing for their workers, many of whom are unmarried and unable to set up homes of their own, the industrial enterprises have adopted the dormitory system as the best solution of the difficulty.

It was pointed out by a British spokesman that the maintenance of such a system would not be countenanced in Great Britain or the United States today. This, however, does not imply that living conditions in dormitories are necessarily bad or that the system tends to perpetuate bad conditions of labor. From the economic standpoint it is undoubtedly advantageous for a factory to have an assured supply of labor close at hand and under suitable control it might provide a solution, as the same speaker suggested, to the problem of removing the factory from crowded urban areas. A further application of the system was illustrated by an American economist in a reference to industrial settlements in Soviet Russia where the economic and social life of the community is centered in the factory rather than in the home.

The possibilities of abuse in the system are obvious enough and were acknowledged by Japanese and Chinese members. They pointed out, however, that residence in the dormitories is nowhere made compulsory for the girls employed and that charges for rent are not deducted from wages. The essential need of the system is an effective control and supervision by some authoritative body. In Japan this has been secured by a system of government inspection, and some provision is made for the health and regular employment of the girls. On the other hand the working of the system in China was described as "terrible by western standards" mainly because of lack of adequate supervision and because employers have often been simply in ignorance of the manner in which to regulate the dormitories most effectively.

A second phase of industrial development which occupied a large place in the final round-table is the employment of women and children in factories. This, of course, is not a peculiar product of Far Eastern industrialism. The use and abuse of the labor of women and children has been a characteristic of industrialization, the world over. The round-tables were concerned chiefly with ascertaining what steps are taken in the Far East to prevent unjust exploitation of women and children in industrial employment. In Japan where there is a fairly vigorous trade union movement and where the government has cooperated extensively in the work of the International Labor Organisation fairly efficient safeguards have been devised.[17] The night work of women and children has been prohibited in factories; their hours of work have been limited to 10 per day; they are prevented from working at dangerous occupations; and the primary education regulations effectively raise the minimum age of employment to 14 years in both agricultural and industrial occupations. The employment of women and young people at underground work in Japanese mines still exists but the Japanese labor movement is pressing strongly for its abolition.

Accurate and complete information on the employment of women and children in Chinese industry is not to be had, but there is little doubt that conditions are far below those of Japan. In 1920 nearly half the workers in the textile industries were women, while the Shanghai Child Labor Commission in 1925 revealed the fact that over 21,000 children under the age of 12 were employed in the factories of Shanghai, chiefly in the textile industries. Effective governmental control has not yet been developed but the influence of public opinion and of the press has been instrumental in checking some of the worst features of children's and women's labor, especially in the large factories of the treaty ports. A distinction is to be drawn between the employment of children in factories at unskilled work and the apprenticeship of boys and youths to various handicraft industries, although the conditions of apprentice labor are generally inferior to those of child labor in factories. A typical system of apprenticeship is described in the detailed study of the Tientsin carpet industry, which was made available to the members of the round-table.

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[17] Cf. Asari, *Outline of the Conditions of Employment of Women and Young Persons in the Factories and Mines of Japan.* Fuller information is to be found in a pamphlet by Ayusawa, *Employment of Women in Japanese Industry.* Geneva: International Labour Office, 1929.

> The apprentices in the carpet industry receive no pay but expenses for their living, including room, board and miscellaneous items are borne by the masters. In the case of one-fourth of the apprentices investigated the master also takes care of the apprentice's clothing. The payment of a small sum as a gift to the apprentice is customary at the completion of the term of the apprenticeship. The employment of apprentices by small masters is no less than exploitation; it would have aroused more attention but for the neglect of the public for industrial conditions in workshops rather than in factories.[18]

The evils arising out of a system of child labor are evident enough, yet it is easy to condemn such a system on a superficial judgment, without due appreciation of the environment in which it exists. It was a Chinese woman at a round-table who asserted that children in China were often better off employed in factories than unemployed. In a country where economic standards of living are low and where there is inadequate governmental machinery or labor organisation to safeguard wage rates and conditions of employment, the employment of women and children may be advisable and even necessary if incomes are to be adequate to maintain families. It is only where a fairly high standard of living obtains that the exclusion of children from industries can be achieved without the possibility of economic distress to families and to the children themselves. Even in England at the present time the plan to raise the school age to 15 years has been opposed largely by working-class parents, and there is a probability that the state must provide financial aid to parents in order to carry out the plan. Various educational experiments in British India, according to a speaker familiar with Indian conditions, have proved the futility of trying to establish systems of free and compulsory education until family incomes are adequate to support unemployed children.

Similar views were advanced in the discussion of women's labor. The essential point to be considered in these and related problems is not so much the effect of changes in individual incomes as changes in the total real income of the family. In Australia and New Zealand where the majority of women cease to be wage-earners after marriage, wages have been deliberately regulated so as to provide for the needs of a family rather than of an individual. But in China, for example, the general level of prosperity is not high enough to permit this. There is no certainty at any rate that the disadvantages of the employment of married women in factories even with its harmful effects on children's health and welfare, are greater than the disadvantages arising out of a reduction in family incomes that are already insufficient. An additional effect of women's employment in China was pointed out by a social worker who spoke of a definite tendency to postpone the marriage age among women in industry. There is little doubt that the improvement of women's social and political status in the western world has come partly as a result of their participation in industry and business. Such a result is possible though not necessarily assured in the industrial order of the Far East.

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[18] H. D. Fong, *op. cit.*, p. 59.

Little attempt was made in the discussions to discover whether the prevailing tendency in Japan or China is for more or less women to seek employment in industrial occupations. A Japanese economist, however, expressed the opinion that it is probably harder nowadays to recruit operatives from the country than it once was, on account of the fact that women have often returned from factories in ill health and dissatisfied with the conditions under which they have worked. This tendency was largely to be attributed to night work which is now prohibited for women. The round-tables tended to discuss the problems arising from the employment of women and young persons and indeed most of the social effects of industrialization only in so far as they applied to industry in the Far East. This is on the whole to be regretted for the problem is common to all industrial communities and is to be found in Europe and North America (under rather different forms) as well as in India, China and Japan.

In the Pacific countries as in the rest of the world, the process of industrial development has been accompanied by the growth of class-consciousness and by the emergence of labor movements. The labor movements among the Pacific nations present an unusual picture in their stages of evolution. At one extreme is the communist order of Soviet Russia where the labor movement may be said to have attained one of its logical and ultimate ends. At the other extreme (logically as well as geographically) is the democratic capitalistic regime of the United States where the doctrine of class antagonisms receives little support from the community at large and tends to become increasingly inapplicable to realities as the economic order evolves; and where the labor movement is fairly exclusive and self-centered with no definite political associations and no revolutionary conceptions of social and economic organisation. Between them lie the labor movements of Canada, Australia and New Zealand where the labor movement has in differing degree become embodied in the political machinery of the state, of Japan where a vigorous movement has developed under a paternal but capitalist government, and of China, where under an avowedly sympathetic government, a new labor movement is emerging from the breakdown of a mediaeval system of craft organizations. One might well extend the list, following the suggestion made by an Australian speaker at an evening meeting on labor problems in the Pacific, and mention the labor movements which may conceivably develop among the native populations of the tropical areas in the Pacific when commercial exploitation of those regions (the Netherlands East Indies, Malaya and the Philippines) has become more intense and widespread.

The effect of industrial development on the labor movements of the Far East or the effects of labor movements on the course of industrialization was not considered in any detail by the round-tables. Various members representative of labor interests took occasion, however, to point out a frequent correlation between the growth of strong labor organizations and the improvement of conditions of labor. An American member drew the contrast between the conditions of labor and labor legislation in New York and of those in the southern states which are now undergoing a process of industrial revolution. His contention that labor laws are usually enacted and enforced only where labor unions have developed to a stage where they can influence public opinion was supported by parallel contrasts between labor conditions in the remote industrial areas of China and those obtaining in the treaty ports. The maintenance of alleged bad conditions of labor in Japanese-controlled enterprises in Manchuria was attributed by several members, both Japanese and Chinese, to the fact that labor organizations are suppressed.

Probably the most important and baffling question in the labor problems of the Pacific is the future development of the Chinese labor movement. The relationship of the government (which derives its cardinal policies and aims from the teachings of Dr. Sun Yat-sen) to the labor movement, has no precise counterpart in the other Pacific countries, not even in Soviet Russia.

> Since the establishment of the National Government, the organisation of labor unions has become a special concern of the Kuomintang party, on behalf of the laboring mass. The party in following the teachings of the "Three People's Doctrines" has laid stress in particular on organised labor as the nearest approach to economic betterment of the workers. Labor unions have been organised under the supervision of the local Kuomintang in all parts of China, especially in the leading industrial and commercial centers. In Tientsin the organisation of labor unions has resulted in the sudden rise of union membership in industries where organised labor was formerly an unknown institution.[19]

Under such circumstances it is possible though by no means certain that the future course of the industrial revolution in China will not be along the same lines as the nations of the west have followed. Hitherto her industrial development has proceeded in more or less orthodox fashion, but the development of strong labor organisations and the administration of the state according to socialist principles may curb and greatly modify the customary process of industrialization. The application of the fairly drastic provisions of the new Factory Act[20] approved by the government early in 1929 will be a momentous step in the evolution of China's labor movement.

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[19] *Ibid.*, p. 63.

The close relationship between the political and the economic or industrial aspirations of modern China was clearly evident in the remarks of some Chinese spokesmen at the round-tables. In their discussion of extraterritoriality, concessions and tariff autonomy, this attitude was patent. They felt that the existence of extraterritoriality is not only a barrier to the fulfilment of China's national aspirations, but may be a hindrance to the legitimate right of Chinese workers to improve their working conditions and to organise themselves (for example in Manchuria), and further may prevent the Chinese government from applying its industrial reform legislation on an effective nation-wide scale.[21] Reference has been made to this attitude in the chapter on extraterritoriality where it was reported that this particular argument was discounted by foreign members who pointed out that labour conditions in the foreign factories were better than those factories in Chinese-controlled areas which are not up-to-date and are being affected adversely by competition.

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[20] The provisions of the law are summarized in D. K. Lieu, *op. cit.* (printed below, p. 291). They include regulations enforcing 8 to 10 hours as daily time, a minimum age limit of 14 years, the payment of bonuses, and the establishment of profit-sharing arrangements.

[21] This view was officially expressed in a resolution submitted by the Chinese government delegation to the 1929 meeting of the International Labour Conference. The resolution (which failed to pass) contains the following clauses:

"Whereas The administrative integrity of a state in labour affairs is essential and indispensable to enable the State to discharge its duties and obligations as a Member of the International Labour Organization;

Whereas, It is impossible for a State successfully to enforce its labour laws within its territory, if the industrial and commercial undertakings carried on by certain foreign nationals in the State remain beyond the reach of the administration by the State of these laws, while the rest of the industrial and commercial undertakings are required to submit to this administration;

"Whereas, The industrial and commercial undertakings carried on by certain foreign nationals in a State who do not submit themselves and their undertakings to the administration by the State of its labour laws employ nevertheless numerous nationals of the State in question, and they deprive the latter of the rights of legitimate protection under their national laws administered by their own Government;

"The conference considers it urgent that States Members whose nationals now enjoy the privileges of extraterritorial jurisdiction or similar privileges in certain other countries should order their nationals to submit themselves and their industrial and commercial undertakings to the administration of the labour laws of the Governments of these countries."

4. INDUSTRIALIZATION AND INTERNATIONAL RELATIONS

The conception of the industrial revolution as a continuing process of world-wide scope has already been elaborated. In the light of this conception the international reactions which issue from the industrialization of any one country can be regarded as normal and probably inevitable products rather than as disturbing by-products. A nation nowadays is involved in the economy of the outside world from the moment it embarks upon the course of industrial development. There is no need to multiply examples of international economic reactions in the Pacific. The connection between the growth of textile industries in the Far East and the industrial prosperity of Lancashire,[22] or the effects of European demand for woolen goods on the agricultural prosperity of Australia and New Zealand are clear enough. It is worth while, however, to develop the idea a little further by utilising a number of related opinions which were put forward at various times in the round-tables and evening meetings.

The discussion of the dormitory system arose from a question put by a British member concerning the relative efficiency of the Japanese and the British cotton industries. There was some feeling that the severe competition which Lancashire and Indian mills have experienced in recent years from the Japanese industry might be due in part to lower labor costs, which in turn might be due to the existence of a dormitory system that could not exist in a country with such social traditions as England. The implicit suggestion that the system might be responsible for some degree of "unfair" competition on the part of Japanese industry was not accepted by a former Japanese member of the International Labor Organisation who considered that Japanese efficiency was due to superior marketing organisation rather than to low-paid labor. Japan has enforced the international labor convention regarding night work of women and children and other legislation regarding their hours of work.[23] Moreover her cotton mills appear able to compete effectively with the Chinese cotton industry in which wages and conditions of labor are generally lower than in Japan.

In the round-tables the discussion of such international competition did not proceed to the next logical stage of considering the factors which determine the industrial efficiency of an industry or a nation, but some effort was made to develop this theme in at least two of the evening forums. The real point at issue is the determination of how great a part is played by wage rates and conditions of labor in the competitive efficiency of industries in different countries. It is of course generally recognised that money wages must be considered in relation to the general price level and to prevailing standards of consumption before any sound conclusions can be derived from their comparison on an international scale. It is also an accepted fact that labor is only one of several important factors affecting the productive efficiency of an industry. The supply of capital, the extent to which standardised or automatic processes are used, the technical organisation of production and distribution both in the industry and throughout the country are all significant. While these qualifications are now generally recognised, it is true that a central element in the philosophy of most of the trade union organizations in the world, and of the International Labor Organization, derives from the conviction that conditions of labor are of sufficient importance in competitive industrial efficiency to warrant collective action being taken for their improvement and approximate equalisation. Out of this conviction has developed the idea that "unfair" or "disloyal" competition may occur between countries because of the existence of low wage rates and bad conditions of work, as well as the related idea that "the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own country.[24] These two conceptions indeed are the explicit social basis for the establishment of the International Labor Organization, and also form the basis of many protective tariff policies and schemes for the restriction of immigration. A conception of this sort was implicit in the question which evoked the discussion on the Japanese dormitory system.

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[22] Cf. W. J. Hinton, *op. cit.* (n. 2).

[23] Cf. "The International Labour Organization and Pacific Countries," p. 22.

It is a remarkable fact and one which was emphasized strongly by a New Zealand economist in the course of an evening forum that little attempt has thus far been made to test the truth of these convictions which are so widely held. They are clearly not self-evident. Low-paid labor is not necessarily cheap labor, as was pointed out by an American labor leader. It may be that the exploitation of human labor at low wages and under bad conditions is so unsound even from a narrow economic standpoint that no advantage in productivity can be ascribed to it in the field of international competition even over a short period. It may on the other hand give a temporary advantage in competition and be economically as well as socially unprofitable in the long run. Opinion of this type appears to form part of the modern doctrine of high wages.

On the other hand there is no conclusive evidence to show that a system of industrial development based on rapid and thorough exploitation of ill-paid and even physically inefficient labor would not be economically advantageous and profitable for a considerable time. This would be the more probable where such industrial development derived its capital and control from foreign sources and where a large reserve supply of labor was easily and cheaply obtainable. Even with unorganised and wasteful methods of production, with the expenses of a high labor turnover, such industries, relying on large-scale utilisation of low-paid labor, might obtain a definite advantage in competition over a better organised, better paid and more efficient industry. That is to say, high productive efficiency measured in terms of low labor cost per unit of output may be as much the result of labor which is relatively ineffective but receiving abnormally low money wages, as of labor which is very effective and receiving very high money wages. It may be so; but in the meantime there has been very little attempt to verify the proposition by quantitative comparisons of industrial efficiency between different nations. It is therefore of some interest that the International Research Committee of the Institute has endorsed a proposal made by Japanese economists for a study of the factors of industrial efficiency in Japan and is endeavoring to secure American cooperation and support in the project.

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[24] Treaty of Versailles, Part XIII, Preamble. Quoted in "The International Labour Organization and Pacific Countries" (memorandum prepared by the International Labour Office, Geneva), p. 7.

Intimately bound up with the problems of wage rates and labor conditions in the industrialising countries of the Far East are the problems arising from the migration of capital. A number of speakers in one evening forum took occasion to point out what seemed to them to be the dangers involved in a situation where international movements of labor and of commodities from countries of low labor standards to high standard countries are drastically restricted by tariff and immigration policies, while on the other hand a pronounced movement of capital from high standard to low standard countries is practically uncontrolled. This tendency on the part of large manufacturing concerns to evade the burden imposed on their export sales through high tariffs by transferring capital equipment and organisation into foreign territory, is well known and is exemplified in the policy adopted by certain automobile manufacturing companies in the United States, Canada, and Great Britain.

Among the speakers who expressed alarm at this tendency two phases of opinion seemed to prevail. A North American labor leader maintained that the migration of capital and with it of modern industrial technique tended to leave workers in the highly industrialised countries (which exported the capital) out of employment. On the other hand there was some feeling that the establishment of large industrial enterprises in such countries as China by means of foreign capital was definitely harmful to the receiving country. In the first place (in the case of China) it aggravates the tendency of small and handicraft industries to break up and disappear with resultant distress among those employed in them. In the second place it may conceivably tend to perpetuate existing bad conditions of labor because of the dislocation and unemployment it creates among smaller competing enterprises. Furthermore in so far as capital is exported to industrially backward countries in order to take advantage of low paid labor and a plentiful supply of it, the process is regarded as creating an obstacle to the improvement of working conditions both in that country and in competing industries abroad. The attempt being made by the Ford Motor Company to pay equal real wages in all its plants at home or abroad was commented on in the discussions; but it must be recognised that such efforts have not been generally characteristic of foreign enterprises at any rate in China.

Specific examples of "unfair" exploitation of Chinese labor by foreign capital were lacking in the discussion, and indeed it was asserted both by Chinese and by non-Chinese members that wages and conditions of labor in foreign factories were better, or at least no worse than in Chinese establishments. Against this view must be put a definite allegation made by a Chinese delegate concerning unjust exploitation of labor and the maintenance of very bad working conditions in certain Japanese-controlled industries of Manchuria. The burden of the charge was that efforts on the part of the Chinese to improve their conditions were defeated by the refusal of Japanese employers and authorities to permit labor organisations and by their denial to Chinese workers of educational facilities.

Obviously the discussion of these international transferences of modern industrial equipment and technique leads into a consideration of the whole problem of foreign investments in the Far East. To separate from the crude statistics of investments in China the various amounts which are pertinent to the problem of migrating industrial enterprises, or to make adequate estimates of them when the statistics are not available or suitable, is a difficult and intricate task. Although the reports of five parallel investigations of foreign investments in China were available to the conference delegates, the investigators had been obliged inevitably to adopt such differing methods of definition and analysis that the conclusions of the studies often seem contradictory to the layman or to the expert unfamiliar with the peculiar local conditions of the problem. Largely because of this fact, no separate round-table was reserved for the discussion of foreign investments and no definite place was assigned to the subject in the round-table on industrialization. In the one round-table at which foreign investments were discussed,[25] the emphasis was placed on foreign loans and the item of direct business investments, which has greatest bearing on the problems of industrial development, received practically no consideration. Until the results of these five investigations are properly coordinated in the large study of which they are to be part, and until the estimates in them have been analysed according to a uniform plan, the financial measurement of business investments and of foreign industrial development in China must remain liable to a considerable margin of error.

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[25] Cf. below, Chap. VI, "The Financial Reconstruction of China."

None the less the importance of the question of foreign investments in China can hardly be overemphasized. The political and international complications arising out of the problem have played a major role in the diplomatic history of the Far East and that although the absolute volume of foreign investments is not large.

Economic interests and economic considerations have played a major part in China's foreign relations. At the same time, it must be admitted that the direct economic effects of these relations seem to have been small and the effects in other fields to have been greater. This is very largely because the resistance offered by traditional China to foreign trade and foreign capital confined them to a few open ports. The whole of China's foreign trade is small, when the size and population of the country is taken into consideration. The whole foreign investment in China is by no means large. But the circumstances under which the trade and investment have grown up and are carried on have given foreign interests in China a political importance out of all proportion to the direct economic consequences attributable to them.[26]

The tendencies and motives lying beneath the investment of foreign capital in China have been the subject of much misunderstanding among Chinese and foreigners alike. A commonly held view that China is an open field for the exploitation of cheap labor by foreign capital is no longer tenable. It seems more probable, as is suggested in an American data paper, that the important checks to foreign investment are rather on the side of demand for loanable funds.

The effective demand for economic development is limited and is in turn the chief limitation upon the movement of capital to China. This is not true of China alone, but is true in general of undeveloped countries. It may be put in a convenient phrase by calling it the principle of capacity to receive. It is in general the capacity of undeveloped countries to receive capital which checks its movement and not the potential supply. This capacity to receive, in China's case, depends upon the social, the economic, and the political organization of the Chinese people and upon the available natural resources of the country.[27]

Further discussion of the intricate problems which arise in these connections was necessarily postponed until the results of more adequate research investigations, now under way, shall become available.

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[26] C. F. Remer, "American Investments in China," p. 17.

[27] *Ibid,* p. 10.

DOCUMENTATION

The following studies were presented to the round-tables as a basis for discussion:

J. Asari, "Outline of the Conditions of Employment of Women and Young Persons in the Factories and Mines of Japan."

Persia Campbell, R. C. Mills, and G. V. Portus, *Studies in Australian Affairs* (esp. Chaps. II, IV, V, VI, VII). Melbourne: Macmillan, 1928.

Howard S. Ellis, "French and German Investments in China."

H. D. Fong, *Tientsin Carpet Industry.* Nankai University, 1929.

F. L. Ho, "An Index of the Physical Volume of Foreign Trade in China, 1868–1927" (printed below, pp.).

F. L. Ho and H. D. Fong, *Extent and Effects of Industrialization in China.* Nankai University, 1929.

Chu Hsiao, "Manchuria: A Statistical Survey" (printed below, pp. 380–422).

International Labour Office, "The International Labour Organisation and Pacific Countries."

D. K. Lieu, "China's Cotton Industry" (printed below, pp. 262–99).

D. K. Lieu, "Foreign Investments in China."

Shiroshi Nasu, "Land Utilization in Japan."

Sir James Allen *et al.* (eds.), *New Zealand Affairs.* Christchurch: L. M. Isitt, 1929.

Masunosuke Odagiri, "Japanese Investments in China."

E. F. Penrose, "Agricultural and Mineral Production in Japan."

C. F. Remer, "American Investments in China."

Masamichi Royama, "Japan's Position in Manchuria" (printed below, pp. 524–93).

Western Influences in Modern Japan (Y. Takaki, ed.), No. 15, J. Asari, "The Development of the Social Movement and Social Legislation in Japan."

CHAPTER IV

CHINA'S FOREIGN RELATIONS—EXTRA-TERRITORIALITY

QUESTIONS FOR DISCUSSION

1. What elements in the history of Extra-territoriality have led:
   (a) The Chinese to stress the political aspect of the problem?
   (b) The extra-territorial Powers to stress the judicial aspects of the problem?
2. Is there any necessary incompatibility (or occasion of conflict) between these two approaches to the problem?
3. (a) What impasse does the present state of affairs present?
   (b) What, if any, solution is there to this impasse?
4. (a) Considering the existing state of affairs, what dangers arise meanwhile from the current action of either side?
   (b) In the light of these dangers, what, if any, procedure is to be advocated?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairmen of Discussions:

George H. Blakeslee
Roland W. Boyden
Lord Hailsham
James G. McDonald
Archibald Rose
Hon. Newton W. Rowell

Recorders:

H. F. Angus
Frederick V. Field
Mrs. Frederick V. Field
Arthur Jorgensen
S. Matsukata
S. Matsumoto
E. F. Penrose
I. Clunies-Ross
S. Uramatsu
Miss Carol West-Watson
Mrs. Quincy Wright

I. THE QUESTION OF TARIFF AUTONOMY

China's foreign relations during this period of transition have provided and are likely to provide a great deal of material for international discussion.

The experience of the Institute in its successive conferences, however, provides clear evidence of rapid change and, on the whole, considerable progress. The first conference held at Honolulu in 1925 listened with interest to an exposition of the national case.[1] At this time the anti-foreign feeling which was centered round the incident at Shanghai on May 30, 1925, was very acute. That feeling had by no means died down when the second conference met in 1927; but in the meantime the major foreign powers had given evidence of a new policy of conciliation. The 1927 conference had before it a fair amount of information for use as a basis of round-table discussions.[2] The discussions were grouped around the three main topics of Tariff Autonomy; Extra-territoriality and Concessions and Settlements.[3] Of these Tariff Autonomy attracted most attention. It was regarded by the Chinese members as the most urgent and recognised by all as the most practical.

A brief glance at the reports of these discussions little more than two years after they took place will provide convincing evidence of the rapid pace at which events have moved in China. In comparison with actual events the discussions appear conservative. Tariff autonomy, while not completely a settled question, was no longer a burning political issue when the third conference met at Kyoto in 1929. On the other hand, extra-territoriality which, as far as immediate abolition was concerned, received only passing and rather academic discussion in 1927, appeared to have reached the stage where serious and detailed consideration was urgent. The connection of extra-territorial privileges with the many complicated problems involved in the administration of the foreign concessions and settlements also occupied the attention of the round-tables. Arising from these and from the general situation there emerged another major problem for separate discussion, the financial reconstruction of China as it affects the prospects of stable government. This shift of interest in itself is indicative of the rapidly moving sequence of events in China; further evidence was provided by the tone of the discussions indicating at once a rather more cautious attitude by the Chinese members in face of the greater imminence of increased responsibilities and a more receptive attitude on the part of the other members to the Chinese point of view.

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[1] *Proceedings of the First Conference: Institute of Pacific Relations, Honolulu, 1925*, pp. 68–70 and 106–110.

[2] The chief materials used were:

Report of the Commission on Extra-territoriality, 1926.
Mingchien Joshua Bau, "Tariff Autonomy and Its Exercise."
"Extra-territoriality and Its Relinquishment."
"Concessions and Settlements and Their Transference to Chinese Rule."
"Documents Relating to the Chinese Questions."
All of these afterward incorporated in *China and World Peace*, New York, 1928.
Sir Frederick Whyte, *China and the Powers*, Oxford University Press, 1927.
S. K. Hornbeck, *China Today—Political* (World Peace Foundation), Volume X, No. 5, 1927.

[3] *Problems of the Pacific* (Chicago University Press, 1928), pp. 65–105.

In order to record the recent developments and present situation of the progress made towards tariff autonomy, the Chinese group presented a data paper in which the main facts were outlined.[4]

Until the United States entered into its treaty with China on July 25, 1928, the position was that China's tariff autonomy was restricted by treaties entered into with several of the great powers. The application of the most favoured nation clause in other treaties had the effect of combining sixteen foreign nations in a group, the unanimous consent of which was necessary before any change could be made in China's tariff rate, schedule of valuations, or system of administration.[5]

A breach was made in this situation when on October 11, 1926, the Nationalist government at Canton began the collection of the 2½ per cent surtaxes which had been discussed both at the Washington Conference and at the Tariff Conference of 1926 but which had never received approval by formal treaties. As the area of their governance extended, the Nationalists continued to collect these surtaxes. Their example was followed by the Peking government on February 1, 1927,[6] after the British Memorandum of December 18, 1926, had advocated an immediate and unconditional recognition of them.[7] The refusal of the Inspector-General to collect the surtaxes through the machinery of the Chinese Maritime Customs was followed by a controversy in which the Chinese government successfully asserted its control over the service by the enforced resignation of the Inspector-General, without however establishing the collections which in the meantime were made by an independent service using the Maritime Customs valuations.[8]

After establishing a provisional government at Nanking the Nationalists made an unsuccessful attempt at the recovery of full tariff autonomy on September 1, 1927. The Foreign Office at Peking also notified the Legations on January 13, 1927, of its intention to exercise full tariff autonomy on January 1, 1929.[9]

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[4] Mingchien Joshua Bau, "Tariff Autonomy of China" (printed below, pp. 313–22).

See also George H. Blakeslee, *The Pacific Area: An International Survey*, "World Peace Foundation Pamphlets," Vol. XII, No. 3 (1929), pp. 5–19 and 160–170.

The text of the treaties concluded in 1928 is given by Blakeslee and appears also in *Treaties and Agreements with and Concerning China, 1919-1929* (Carnegie Endowment for International Peace, Division of International Law), *Pamphlet No. 50*, pp. 226–274.

[5] *Problems of the Pacific*, pp. 65–66.

[6] Mingchien Joshua Bau, *op. cit.* (printed below, p. 315).

[7] *Treaties and Agreements, 1919–1929*, pp. 186–192.

[8] *Problems of the Pacific*, p. 76.

In the meantime, the Nationalist armies, after a check in the autumn of 1927, finally achieved their objective by the capture of Peking in June, 1928. The United States government thereupon issued a statement of its readiness to begin negotiations

> with a view to concluding a new treaty in which it may be expected that full expression will be given reciprocally to the principle of national tariff autonomy and to the principle that the commerce of each of the contracting parties shall enjoy in the ports and territories of the other, treatment in no way discriminatory as compared with the treatment accorded to the commerce of any other country.[10]

A treaty embodying these principles was signed the following day at Peiping (Peking) by the American Minister and Mr. T. V. Soong, the Chinese Minister of Finance.[11]

During the remaining months of 1928, China was successful in negotiating new treaties with all the powers immediately concerned with the exception of Japan.[12] Even before the signing of the Sino-American treaty, a treaty of friendship had been made between China and Greece on May 26, 1928, which recognised, inter alia, "that all questions relative to customs shall be regulated solely by the domestic legislation of each of them."[13] The German government also negotiated a fresh treaty of friendship and commerce, on August 17, 1928.[14] This treaty is in supplement of the declaration

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[9] Mingchien Joshua Bau, *op. cit.* (printed below, p. 315).

[10] *Treaties and Agreements, 1919–1929,* pp. 228–230.

[11] *Ibid.,* pp. 230–231.

[12] No treaties were necessary with Brazil, Mexico, Peru, and Switzerland, which, however, enjoy the privilege of most favored national treatment and were therefore included among the sixteen powers involved in the restoration of China's tariff autonomy.

[13] *Treaties and Agreements, 1919–1929,* pp. 226-228.

[14] *Ibid.,* pp. 232-233. Germany and Austria-Hungary had lost their tariff and extra-territorial privileges by the Chinese declaration of war on August 14, 1917 (Whyte, *China and the Powers* [Oxford University Press, 1927], pp. 15–18). The U.S.S.R. renounced its privileges by declarations of July 25, 1919, and September 27, 1920. In agreements on "general principles for the settlement of questions" between China and the U.S.S.R., signed at Peking, May 31, 1924, arrangements were made for a conference to be held within a month for detailed arrangements concerning, inter alia, a "Customs Tariff for the two Contracting Parties in accordance with the principles of equality and reciprocity" (*Problems of the Pacific,* pp. 265–278; see also *Treaties and Agreements, 1919–1929,* pp. 133–140).

This general agreement was preceded by a limited border agreement signed at I Ning City, Ili, on May 27, 1920 (*Treaties and Agreements, 1919–1929,* pp. 23–25) and another concerning the province of Sinkiang, September 4, 1920. Other agreements were signed concerning the Russo-Asiatic Bank on October 2, 1920 (ibid., pp. 29–31) Mongolia (pp. 53–56 and 102–103) and the Chinese Eastern Railway (pp. 141–147). There were by the German government and its agreement with China dated May 20, 1921, by which Germany entered again into diplomatic and commercial relations with China which was not a signatory to the Treaty of Versailles.[15] A similar treaty was entered into with Austria on October 19, 1925.[16] The renunciation of tariff and extra-territorial privileges as far as Hungary was concerned had been secured by "Section IV—China" of the Treaty of Peace between the Principal Allied and Associated Powers and Hungary signed at Trianon, June 4, 1920.[17]

Following the lead given by the United States, the remaining treaty powers with the exception of Japan negotiated treaties with China for the resumption of tariff autonomy.[18] The treaties concluded, however, contain significant differences.

In the case of the United States, Germany, Great Britain, Norway, Netherlands, Sweden and France, the treaties deal only with tariff questions. On the one side China's right to full tariff autonomy is recognised; and on the other side most favoured nation treatment is granted as regards tariff duties and privileges to the contracting Power with reciprocal advantages to China.

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further negotiations also between Russia and Mongolia regarding telegraphic relations, October 3, 1924, (followed by a protocol, February 22, 1927) and a railway agreement between Mongolia and Russia, September, 1925, which are noted but for which no text is given (pp. xiii–xiv).

Diplomatic relations were broken off by the U.S.S.R. with the Northern government on April 22, 1927, after the raid on the Embassy on April 6. The Nationalist government broke off relations on December 14, 1927, so that no machinery exists at present by which negotiations could take place.

China's tariff action in respect of all the powers which do not enjoy tariff and extra-territorial privileges appears, however, to be governed by Article 4 of the agreement signed with Germany on May 20, 1921, which stipulates that "no duties higher than those paid by nationals of the country shall be charged on products, whether raw or manufactured, coming from one of the two Republics, or from another country, when such products are imported, exported or in transit."

[15] *Treaties and Agreements, 1919–1929,* pp. 47–53.

[16] *Ibid.,* pp. 165–169.

[17] *Ibid.,* pp. 27–28.

[18] The text is given in *Treaties and Agreements, 1919–1929* as follows: Norway, November 12, 1928, and Notes, January 12 and February 6, 1929 (pp. 237-239 and 273-274); Belgium, November 22, 1928 (pp. 240–243); Italy, November 27, 1928 (pp. 243–246); Denmark, December 12, 1928 (pp. 246–249); The Netherlands, December 19, 1928 (pp. 249–252); Portugal, December 19, 1928 (pp. 252–256); Great Britain and the British Dominions, December 20, 1928 (pp. 257–263); Sweden, December 20, 1928 (pp. 263–265); France, December 22, 1928 (pp. 265–270); Spain, December 27, 1928 (pp. 270–273).

The British Minister in Annex II to the treaty of December 20, 1928, expressly assured the Minister for Foreign Affairs "on behalf of His Majesty's government in Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa and

The Belgian, Italian, Spanish, Danish and Portuguese treaties provide in the same way for tariff autonomy and most favoured nation treatment in tariff matters. They also contain preliminary provisions regarding the abolition of extra-territoriality. They mention negotiations for a treaty of commerce and so does the German treaty, but the German treaty does not deal with extra-territoriality, since Germans lost their extra-territorial rights as a result of the war. The Norwegian treaty agrees to undertake general treaty revision.

There are certain transitional restrictions which have been agreed to by China.[19] The most important of these is to be found in Annex III of the Sino-British treaty by which it is agreed that

> the ad valorem rates of duty or the specific rates based thereon in the National Customs Tariff to be adopted by the National government are the same as the rates which were discussed and provisionally agreed upon at the Tariff Conference of 1926 and that these are the maximum rates to be levied on British goods; furthermore, that these will remain the maximum rates on such goods for a period of at least one year from the date of enforcement of the tariff; and that two months' notice will be given of the coming into force of the said tariff.

By the operation of the most-favored-nation clause this condition is automatically extended to the arrangements entered into by the other treaty powers.

There are limitations remaining also in regard to the duties charged at the various land frontiers. There have for many years been reductions of rates in force on the frontiers of French Indo-China, Burma, Siberia and Chosen (Korea). These were discussed at the Washington Conference which recognised the principle of uniformity of rates at all ports. China remains anxious to establish this principle, to which the British treaty assents. The French treaty, however, has an Annex II which stipulates that

> 1. The French Government is disposed to start without delay negotiations for the conclusion of a new convention designed to replace the Franco-Chinese Convention of April 25, 1886, the Supplementary Convention of Commerce of June 26, 1887, and the convention supplementary to this one dated June 10, 1895.
>
> In the interests of the two Governments, no change will be made from present conditions, in relation to Indo-China, during the negotiations, it being understood that the principle of the uniformity of tariff charges on land and sea frontiers is to

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the Irish Free State, and the government in India, that the rights of those governments to benefit by those provisions of existing treaties which limit in any way the right of China to settle her customs tariff or to impose tonnage dues at such rates as she may think fit, are renounced by His Majesty as from the entry into force of the treaty."

This assurance was also extended to "His Majesty's rights in respect of Newfoundland, Southern Rhodesia and all His non-self-governing Colonies and Protectorates."

[19] Cf. Bau, *op. cit.* (printed below, pp. 317–19) and Blakeslee, *op. cit.*, pp. 14–17.

be applied, so that the tariff enforced on the Chinese maritime frontiers will be simultaneously applied at the Indo-Chinese frontier. In the meantime, the present reductions in the duties on imports and exports will remain in force during the negotiations, which the French Government is disposed, on its part, to conclude promptly.

This stipulation was accepted by China with the proviso, however, that the arrangements "will cease to be in force after March 31, 1929, even if the new convention be not then completed."

The position on the northern frontier remains more obscure. In its 1924 agreement with China the U.S.S.R. renounced in principle its right to reduced frontier duties. Japan, however, stands on its right as specified in an agreement signed in 1913.[20] When China attempted to abrogate this privilege by the same date as that set for the abolition of frontier reduction in French Indo-China (March 1, 1929) Japan protested vigorously and secured the retention of the privilege.

This action and similar Japanese action in preventing the extension of an additional 2½ per cent export tax at Dairen, followed the Sino-Japanese agreement relating to tariff autonomy which was affected by an exchange of notes on January 30, 1929. The notes exchanged have not been made public, so that there is some obscurity as to the actual situation. It is believed, however, that the agreement deals with tariff matters only and that while Japan accepted the raising of tariff rates as from February 1, 1929, this was merely an agreement for twelve months, pending negotiation of a special treaty. The agreement has, therefore, not recognised China's right to full tariff autonomy.

As far as tonnage dues on ships are concerned, the British and some other treaties specifically give the Chinese freedom to impose what dues they think fit; but this matter is governed by the most favored nation clauses in the treaties. It cannot come into force until other powers, notably Japan, also agree to it. Nor has Japan yet agreed to alterations in the export tariff or coast trade duties.

The administration of the Chinese Maritime Customs has not been materially changed. The retirement of the Inspector-General in consequence of the controversy concerning the collection of the surtaxes was carried through by the Northern Government in February, 1927. A temporary appointment was made by the same government, but after the Nationalist government established its control over northern as well as southern China, a permanent appointment was made in January, 1929. All three officials concerned were British subjects; but the recent permanent appointment which was given to the former Commissioner of Customs at Shanghai emphasises the closer control of the Chinese government over the service. Shanghai has long been the banking and statistical headquarters and the official control is now transferred there where, in Chinese eyes, it is further removed from the legations of the foreign powers.

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[20] MacMurray, Vol. II, pp. 1039–1041.

In February, 1898, China entered into an agreement with Great Britain whereby a guarantee was given that, as long as British trade predominated, a British subject should be Inspector-General.[21] At the Washington Conference also the Chinese delegation affirmed the desire to make no change that might disturb the customs administration. There are, moreover, two financial agreements, in which, as conditions of loans, the Chinese government promised to continue the administration of the Chinese Maritime Customs Service "as at present constituted" during the currency of the loans.[22] The second of these loans does not expire till 1943, until which date China is bound to retain the customs service under foreign control. Japanese tráde with China has in recent years exceeded that of Great Britain (including Hong-Kong) but the loan agreements cited would appear to guarantee the maintenance of the service as then constituted.

In the meantime steps have been taken to reduce the numbers of foreigners added to the staff and to advance Chinese to more responsible posts. Several Chinese have been appointed Commissioners of Customs at important ports such as Changsha, Soochow, Chunking and Hangchow.[23]

2. THE REVISION OF THE EXTRATERRITORIAL TREATIES

With such substantial success achieved in the progress made towards tariff autonomy, the National government of China pressed forward during 1929 proposals to the Powers for the immediate relinquishment of extra-territoriality. The origins of the extra-territorial system in general and in China were briefly described in the report of the 1927 conference and need not be recapitulated here.[24] A brief summary was presented also of the report of the 1926 Commission set up as a result of the Washington Conference.[25] The round-table discussions of the 1927 conference were mainly concerned with a consideration of the steps that might be taken in the interim period before national unity had been achieved in China. Those steps were for the most part based upon the constructive suggestions contained in the official British

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[21] MacMurray, Vol. I, pp. 105–106.

[22] "Agreement for the Chinese Imperial Government Five Per Cent Sterling Loan of 1896," Art. 7, March 23, 1896, MacMurray, Vol. I, pp. 55–59, and "Agreement for the Chinese Imperial Government 4½ Per Cent Gold Loan of 1898," Art. 6 (2), March 1, 1898, MacMurray, Vol. I, pp. 107–112.

[23] Bau, *op. cit.* (printed below, p. 321).

[24] *Problems of the Pacific*, pp. 80–83.

[25] *Ibid.*, pp. 83–85. For the full text of the Commission's recommendations see Bau, "Relinquishment of Extra-territoriality in China" (printed below, pp. 326–28), and also *Treaties and Agreements, 1919–1929*, pp. 181–184.

Memorandum of December 18, 1926, and the subsequent communication to the Chinese Authorities at Peking and Hankow on January 27, 1927, which was also communicated as an annex to Sir Austen Chamberlain's letter to the Secretary-General of the League of Nations on February 8, 1927.[26]

At the 1929 conference it was reported by the British members that considerable progress had been made along these lines. The recognition of the modern Chinese courts is in force. A carefully studied solution of the question of Chinese nationality is being evolved and a working arrangement is in force in south China where the question vitally affects the Anglo-Chinese of Hong-Kong and British Malaya.[27] No progress had been made with the application of modern Chinese civil and commercial codes in British courts in China, because of the incompleteness of the codes—with the exception of the trade-mark law. Regular and legal Chinese taxation was for the most part being paid by British firms acting under official advice. Except in the case of the ex-British concession at Kiukiang, the taxes had been considered too disorderly to justify their being made legally enforceable in British courts by means of King's Regulations. The Chinese penal code had not been promulgated. The British concessions at Hankow and Kiukiang had been restored, Chinkiang was on the point of being restored and constitutional changes had taken place providing for Chinese representation on the Municipal Councils at Tientsin and Shanghai. The special treaty provisions possessed by British missionaries have been or are in course of being surrendered.[28]

The transition period for which these interim measures were suggested, however, passed with the achievement by China of national unity in June, 1928. The subsequent negotiations looking towards the conclusion of new treaties in which extra-territorial rights shall be abandoned, were described for the conference in a data paper presented by the Chinese group.[29] In the negotiations for tariff autonomy China secured five treaties, with Belgium,[30] Italy, Denmark, Portugal and Spain, which concede the conditional surrender also of extra-territorial privileges. The negotiation of these treaties set a definite date, January 1, 1930, for the abolition. By that date China pledged herself to the promulgation of codes of civil and commercial law in addition to her codes and law now in force and also promised that the nationals of the contracting parties should enjoy the right to live and trade and acquire property in any part of China. This promise, made in consideration of reciprocal rights already extended to Chinese in foreign countries has aroused comment and opposition in China. The grant of the right to own property, made by treaty stipulation, exceeds the usual international practice. It also exceeds the privileges given in the Sino-German agreement of May 20, 1921, and the recommendations of the Extra-territoriality Commission in 1926. Large sections of Chinese opinion object to this stipulation, and are especially fearful of its consequences if extended to south Manchuria and eastern Inner Mongolia. The announcement provided the occasion for a demonstration at Nanking against the Foreign Minister who negotiated the treaties.

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[26] Whyte, *op. cit.*, pp. 49–65; also *Treaties and Agreements, 1919–1929,* pp. 186–192, 197–198, and 199–202.

[27] W. P. Ker, "Chinese under British Rule in Malaya, Hong-Kong and Wei-hai-wei" (unpublished), pp. 3–9.

[28] Cf. "Great Britain in the Orient" (Opening Address at the Kyoto Conference presented by Lord Hailsham), *Pacific Affairs,* January, 1930.

[29] Bau, "The Relinquishment of Extra-territoriality in China" (printed below, pp. 323–44). See also "China and the Pacific World" (Opening Address at the Kyoto Conference presented by Dr. David Z. T. Yui, *Pacific Affairs,* January, 1930).

[30] The Belgian treaty furnished the first test case, when it came up for revision at the end of a ten-year period on October 27, 1926. The Chinese government gave early notice of its intention to terminate the treaty at this date. The question of its right to do so was referred by Belgium to the Permanent Court of International Justice, which, against China's protest, took cognisance of the case. The negotiations for a new treaty

The effect of these five treaties, fortifying the earlier abrogation of the extra-territorial privileges of Russia, Germany, Austria and Hungary, is to throw the final responsibility for negotiations with China upon the four great powers—Great Britain, the United States, France and Japan.[31]

China attempted to proceed with Japan as she had with Belgium, Spain, Portugal, Italy and Denmark, by asking for a complete revision of the 1896 treaty at the expiration of the ten-year period ending October 20, 1926. By mutual agreement the treaty was continued in force until July 19, 1928, when the Chinese government announced its termination as from the following day. None of the other five powers had acquiesced in China's claim to have this power of denunciation, the question had been referred to the Permanent Court of International Justice by Belgium but had been withdrawn before a decision was rendered. Nor has Japan acquiesced in the denunciation. Japan takes her stand strictly upon the provisions of the treaty which, in her view, prevent its abrogation except by mutual consent.[32] Japan therefore still regards these important treaties as operative.[33] China, regarding Japan's extra-territorial

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being resumed, the Court, at Belgium's request, revoked its order. No decision was therefore rendered on the legal point as to whether China had power to terminate the treaty, on the assumption that the right conferred upon Belgium in the treaty implied an equal right on China's part. See Blakeslee, *op. cit.*, pp. 34–36; also *Problems of the Pacific*, pp. 69–71.

[31] Other treaties have been signed with Bolivia (1919); Persia (1920); Finland (1926), and Poland (1928). See *Treaties and Agreements, 1919–1929*, pp. 22–23, 26–27, 185–186; also Blakeslee, *op. cit.*, p. 41.

[32] Blakeslee, *op. cit.*, pp. 37–41.

[33] MacMurray, Vol. I, pp. 68–74, "Japan and China: Treaty of Commerce and Navigation—July 21, 1896," and pp. 411–422, "Japan and China: Supplementary Treaty of Commerce and Navigation [with annexes]—October 8, 1903."

privileges as having been terminated by the unilateral denunciation of the treaty from July 20, 1928, has subsequently addressed her identic notes regarding treaty revision primarily to the American, British and French governments.

The trend of these recent notes and the replies thereto is set out in the Chinese data paper on the subject which quotes liberally from the texts.[34] At the moment when the conference met, the situation was that in reply to the Chinese requests for abandonment of extra-territorial privileges, the Powers concerned, while stating their general willingness to act in this way at the appropriate time, raised questions concerning the degree to which reforms in the Chinese judicial system had proceeded in accordance with the recommendations of the 1926 Commission. The round-table discussions were concerned first with the elucidation in detail of the positions taken by China and the other Powers and then with an examination of various methods which had been proposed for carrying out the abolition of extra-territoriality in the near future.

3. CHINA'S CASE FOR ABOLITION

China's case for the abolition of extra-territoriality has often been presented officially and unofficially. Official statements were made both at Versailles and at Washington, and have been subsequently repeated to the League of Nations Assembly. A careful unofficial presentation was made also to the 1927 conference of the Institute.[35] Even then there had been general recognition of the fact that while the problem was difficult and the issues which hung upon it were of far-reaching importance and intricacy, yet it should not be allowed to drift into an impasse. This fact was even clearer by 1929 and there was in consequence a much more realistic and urgent note in the discussions which throughout were marked by the utmost frankness; but tempered by moderation of statement and goodwill. The membership of the round-tables included many responsible leaders of business, public opinion, government and philanthropy in the several countries, representing virtually all shades of opinion.[36] The view of the foreign community in various treaty-ports had representative exponents among the British, American, and equally among the Japanese, groups. Missionary and educational institutions were well represented also, and the Chinese group included substantial bankers and business men. The preponderant majority in all groups, however, rightly represented the broad general interest of the communities concerned, so that the discussions were not confined to exchanges betwen representatives of treaty-port views but included the trading and cultural attitudes of the countries as a whole. The result may be taken as a cross-section of representative opinion on the subject.

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[34] Bau, "The Relinquishment of Extra-territoriality in China" (printed below, pp. 330–38). The identic notes were sent to the Dutch, Norwegian, and Brazilian governments as well as to the three main Powers.

[35] *Problems of the Pacific*, pp. 85–88 and 247–256.

[36] Cf. list of members printed below, pp. 623–30.

Essentially China's case is political; but it was placed before the conference in such a way that its connections with the internal difficulties of reconstruction were frankly acknowledged. The importance of the problem lies as in almost all political problems in the psychological attitudes or states of mind that result from particular situations or incidents. While it may appear to the somewhat detached foreigner, and still more to the foreigner with intimate knowledge of treaty-port conditions, that extra-territoriality is "not one per cent of China's total problem", yet it must be admitted that, in view of the incidents which irritate Chinese public opinion, its psychological importance rates much higher.

The presence of foreign soldiers in force upon Chinese soil, the existence of powerfully organised foreign settlements with their own organs of government and police power, the penetration of foreign shipping enjoying extra-territorial privileges into the very heart of China, occasional intervention, whether deliberate or unavoidable, in China's civil war, the use of foreign settlements as sanctuaries by Chinese refugees from justice or taxation, the obstacles presented by those settlements to programs of domestic reconstruction and reform—all these, together with the abuses of consular jurisdiction which sometimes occur, loom very large in Chinese eyes. It may be argued that for most of these infringements of Chinese sovereignty, a good pragmatic case may be made out on grounds of expediency and even on the ground that worse evils are averted thereby. Such an argument, however, avails little against the nationalism of Chinese public opinion, inflamed by what it regards as injustices in the past and present.

The abuses of consular jurisdiction, it was contended, arise partly from the inherent difficulties of working out the cumbrous procedure by which foreigners are entitled to be tried by their own law in their own courts. The very definition of nationality is itself a problem. The difficulties of bringing a foreigner to trial practically forbid the use of legal machinery outside the treaty ports. The complexity of the system offers in itself an obstacle to justice. Moreover, while the foreign powers tend to insist upon the separation of the judicial and executive functions of government before recognising China's courts, their own consular courts frequently combine the two. This in itself creates a political issue, and, together with the confusion of laws and national jurisdictions, makes it difficult to secure justice against the foreigner who offends.

Partly also, it was contended, the abuses arise because of the deliberate exploitation of extra-territorial privileges by the undesirables, both foreign and Chinese, of the treaty-port communities. Instances were cited in connection with the traffic in opium and narcotics, the abuse of naturalisation privileges, the extension of police protection to criminals and refugees. The responsible consuls deplore these abuses, the Commission of 1926 recommended that steps should be taken to check them and progress has been made in that direction; but abuses remain a source of irritation and are difficult to detect and check.

In its origins the system of extra-territorial jurisdiction was a modus vivendi, acceptable to both Chinese and foreigners. The right of foreigners to trade once admitted, extra-territoriality was a reasonable solution of the problem for securing order and good government. But the Chinese feel it has lasted so long that it has grown to be a quasi-permanent system based ultimately on superior force. The powers still regard it merely as a modus vivendi; but the Chinese would welcome steps taken towards its abolition by the Powers as an earnest of their sincerity.

Many of the extra-territorial privileges are, moreover, "a long derivation from treaty rights." The system has grown by accretion. Many also of the practices of administration in the foreign settlements, practices which rest ultimately upon enforcement in the extra-territorial courts, are similarly remote from the treaty rights on which they are based, while others are frankly extra-legal and based only on considerations of expediency.[37]

The psychology created by these facts is a matter to be reckoned with as a very practical element in the situation. The Chinese spokesmen pointed this out in the round-tables. Attitudes as well as facts must be taken into account. It was felt that foreigners were apt to under-rate the strength and unity of popular opinion on this subject, to regard it as manufactured by the skilful propaganda of a few intellectuals and politicians. The opinion was put forth also that the non-emotional atmosphere of round-table discussions caused the presentation of the Chinese case to lose something of its urgency. The question cannot always be discussed calmly and in detail, with a real endeavor to look at all the facts and weigh them as they deserve. Occasions have arisen and are likely to arise when reason and compromise are swept aside by a wave of mass-emotion. This point was well summarised in the statement:

> Granting all the points; granting that at one time in the past even Chinese were not opposed to extra-territoriality and to the settlements; acquitting foreign powers of conscious desire for aggrandisement at China's expense, still, the fact

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[37] Cf. C. L. Hsia, *The Status of Shanghai* (Shanghai: Kelly & Walsh, 1929), and a member of the British Group, I.P.R., "Memorandum on the International Settlement at Shanghai" (printed below, pp. 356–67).

> is that a new force, or a force hitherto only latent and slumbering, has come into being—the sentiment of nationalism with an accompanying conception of national sovereignty, which sooner or later will become so irreconcilable with existing conditions that unless those conditions are altered it will irresistibly sweep away all present landmarks, perhaps in a catastrophic manner. The sentiment of hundreds of millions of people is a force against which mere argument may be of little avail. Hence let us deal with the situation before it is too late. We, spokesmen of China here in this conference, cannot control this force by a wave of the hand. We can only point out its nature and the conditions under which it may be reconciled with the interests of foreign powers.

Even those among the foreign members who were most hesitant to recognise China's case for immediate abolition, were cognisant of this danger, though not all of them were inclined to give it great weight. The obverse of the situation was stated in the contention that Chinese statesmen had in the past been forced, and might again find it necessary, to act rashly against their better judgment in order to placate an irrational public opinion, or to tide over internal crises within the Kuomintang. Nine-tenths of the solution of the problem it was argued lay in a spirit of reasonableness concerning the necessity of transitional safeguards; but that reasonableness might not be forthcoming for fear of demagogues raising the cry of pro-foreign weakness. There were those among the Japanese group also who used the experience of their own country to argue that China was approaching her problem in the wrong spirit; that instead of displaying impatience, her leaders should work quietly to set their governmental house in order and await the inevitable recognition of their work that had been repeatedly assured to them by the declarations of responsible foreign statesmen. It was noticeable, however, that not all of the Japanese group concurred in this view and that among those who advocated more immediate recognition of China's claims were several representatives of large business interests, many of whom had had long experience in China.

The Chinese, moreover, contended that Chinese opinion was no more excitable on the subject than Japanese opinion had been, and that steady progress had been made in the reform of judicial procedure as well as towards increased stability of government.[38] An experienced British observer added the comment that, in his judgment, the psychology of the Chinese people on this point was less intractable than the political situations had been at crises in Indian and Irish affairs which had yielded to solutions arrived at by negotiations between apparently irreconcilable parties.

The Chinese members next argued that considerable progress had in fact been made towards meeting the recommendations of the 1926 Commission on Extra-territoriality. The first point stressed by the Commission was the necessity for a strong central government. At the moment of conference the stability of the Nationalist government appeared to be threatened by the outbreak of a series of rebellions by disaffected war-lords. The reality of the central government's control over outlying provinces was questioned also, and attention was drawn to the apparently widespread disaffection among the intelligentsia and particularly among its radical sections. Evidences of this discontent were cited even though the operation of a drastic censorship over the press and public utterances, including a somewhat ruthless suppression of communism and even radicalism, operated to prevent its full expression. The fear was expressed that this discontent might reinforce the rebellions and seriously threaten the government.

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[38] Cf. *Western Influences in Modern Japan,* No. 12 by Jumpei Shinobu, "The Diplomatic Relations of Japan," pp. 2–3.

The Chinese spokesmen explained the theory upon which the revolution is proceeding at the present stage. That theory follows the plan laid down by Sun Yat-sen, according to which a "period of tutelage" was to follow national unification and to prepare the way for responsible constitutional government. In the period of tutelage a party dictatorship is exercised with the consequent necessity of suppression of opposition elements. Under such a system revolutions offer the only means of effecting a change of government. There was some discussion as to the advisability of hastening the end of this period and suggestions were made as to the desirability of inaugurating constitutional government and abolishing the dictatorship at an early date. While some doubt was expressed by foreign members as to whether such an atmosphere lent itself to the impartial administration of justice, it was recognised that throughout the period of tutelage in which the legacy of the militaristic period was being liquidated, substantial progress was being made by the constructive work of the various governmental departments and that civilian control was becoming steadily more powerful. It was contended further that the more important foreign interests, and particularly those in Shanghai, lay in treaty-ports over which the control of the Nationalist government was more established than it was in the regions of disaffection.

Particular attention was drawn to the establishment of the governmental system of the five Yuan, acting under the Council of State which, it was contended, met the demand of the Extra-territoriality Commission that China should devise an effective process for the enactment and amendment of national legislation.

In regard to the other recommendations of the Commission, it was stated that considerable progress had been made. The codification of the law has already proceeded a considerable distance. The Chinese Council presented as one of its data papers an English translation of "The Civil Code of the

Republic of China—Book I—General Principles",[39] and reported that the remainder of the civil and commercial codes which are of primary importance to the foreign community would be promulgated before January 1, 1930.[40]

It was reported also that the number of modern courts, which the Commission recognised as satisfactory in organisation and procedure and which numbered 150 in 1926, had been increased to 350. The establishment of modern prisons is a more costly business but the number has been increased from 74 to 83.

In regard to the important matter of judicial independence, it was reported that the independence of the judiciary had been established in law and that the organisation of the Judicial Yuan included a commission to control the work of the judges. It was admitted, however, that there was in fact some degree of interference by the executive with the independence of the judiciary. The government had appointed temporary judges and endeavored to dictate decisions even in the Provisional Court of Shanghai. This admitted fact is deplored by educated Chinese opinion and is regarded as a transitional evil.

While reporting this progress, the Chinese members pointed out that the foreign powers were setting high standards for China to attain to, standards that might be achieved by such stable governments as those of Great Britain and the United States; but were not the invariable rule in all countries. There were many countries, they pointed out, where standards were lower than those set for China, but where the powers did not demand the protection of extra-territoriality for their nationals. Moreover China might have preferred to use common law as British and American courts do, rather than construct elaborate and somewhat artificial codes de novo.

China, it was submitted, has proven her genuine desire to reform her judicial system in accordance with the expressed wishes of the foreign powers. She has done this in the face of great difficulties at a time of internal stress and to a degree not warranted by her own domestic necessities. The process is not yet but soon will be complete. One Chinese expert hazarded his personal guess that by 1935 China would be ready to undertake complete responsibility for guaranteeing justice to foreigners and Chinese alike.

In view of these facts the Chinese spokesmen argued that the time had come for the Powers to take some definite step towards abolition as a mark of their approval and encouragement. It would pay to take the slight risk involved. Only by virtue of their superior armed force could the Powers arrogate to themselves the right to decide when and how abolition should take place. A definite recognition now of the justice of China's claims by some such means as the acceptance of a definite date for complete and unconditional immediate abolition followed by negotiations for mutually satisfactory arrangements over a transitional period, would restore foreign prestige in China. It would also strengthen enormously the hands of pro-foreign Chinese who were eager to establish such judicial reforms as would meet the needs of the foreign community and would, moreover, enlist the interest of the foreign community itself in pressing forward those reforms to the necessity for which it was largely indifferent as long as it could shelter behind extra-territoriality.

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[39] Translated by C. L. Hsia and James L. E. Chow; published by Kelly & Walsh, Shanghai, 1927.

[40] Bau, *op. cit.*, p. 339.

4. FOREIGN INTERESTS AT STAKE

As early as 1902-3 the chief foreign Powers concerned declared their willingness to forego the privileges of extra-territoriality as soon as they were satisfied that "the state of the Chinese laws, the arrangement for their administration and other considerations" warranted them in so doing.[41] No action was taken on either side until after the Nationalist Revolution, since when China's case has been pressed. It received a cold hearing at Versailles in 1919; but the Washington Conference paid much more attention to it and the Commission subsequently set up in 1926 definitely shaped the juridical demands of the foreign Powers. Since that date there have been repeated declarations by the responsible statesmen of the leading Powers, reiterating their willingness and desire to abandon extra-territoriality at the earliest possible moment consistent with the safeguarding of the legitimate interests of their nationals in China. At the same time they have hesitated

> to exchange an assured and tried system of administration of justice, under which it is acknowledged that life and property have been protected and commerce has grown and prospered, for uncertainties in the absence of an adequate body of law and of an experienced and independent judiciary.

The replies of the Powers to the recent Chinese notes differ in emphasis. The American reply from which the preceding passage has been quoted takes its stand mainly on the necessity of meeting more fully the recommendations of the 1926 Commission; but expresses readiness to participate in negotiations

> which would have as their object the devising of a method for the gradual relinquishment of extra-territorial rights, either as to designated areas, or as to particular kinds of jurisdiction, or as to both, provided that such gradual relinquishment proceeds at the same time as steps are taken and improvements are achieved by the Chinese government in the enactment and effective enforcement of its laws based on modern concepts of jurisprudence.

The British reply expressed willingness only to proceed further with the practical steps of interim improvement set forth in the British proposals of January 26 and 27, 1927, the progress of which has been mentioned in an earlier section. It introduced further the suggestion that

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[41] See *ibid.* The clause quoted occurs in the British treaty, Art. XII (MacMurray, Vol. I, p. 351) and is repeated in the American and Japanese treaties.

> the western legal principles should be understood and be found acceptable by the people at large no less than by their rulers, and the courts which administer these laws should be free from interference and dictation at the hands not only of military chiefs but of groups and associations who either set up arbitrary and illegal tribunals of their own or attempt to use legal courts for the furtherance of political objects rather than for the administration of equal justice between Chinese and Chinese and between Chinese and foreigners.

It is evident from these quotations that there exists considerable doubt as to the effectiveness of Chinese justice and consequently some fear of the consequences of abolition.[42] Chinese members of the round-tables suggested that in the treaty ports there existed an unwarranted fear-psychology that was at least as irrational and as difficult to deal with as the mob-psychology on the Chinese side. There were members among the foreign groups also who felt that undue importance was attached to the problem and that the central necessity of extra-territoriality as the foundation of foreign security in China was perhaps exaggerated. It was argued that the system of extra-territorial privileges has been stretched to cover a far more extensive area than was ever envisaged by the signatories of the early treaties and that it has been stretched also to cover a number of primarily Chinese interests. It was, moreover, contended that its existence has not prevented unfortunate incidents including kidnappings, murders and confiscations of property. Protection from indiscriminate taxation and forced levies depends ultimately upon diplomatic and in the last resort armed intervention, and the same thing is true of victimisation of foreign nationals.

Consistently with this point of view it was argued that, as a matter of fact, very few foreigners ever sue or are sued in the extra-territorial courts, that ways and means can be found of carrying on business extensively by securing the goodwill of the Chinese and using their methods and that the necessity for extra-territoriality is largely based on extreme cases. The principal sufferers from abolition would, it was contended, be Chinese and injury to foreign interests was to be apprehended mainly through the general deterioration of prosperity which might occur if this suffering was intensified. The really important problem, if this view is taken, is the question of the future administration of the settlements and concessions in which the main foreign interests are localised. If this is accepted, it follows that much of the wrangling about extra-territoriality is academic and that the real fact of the matter is that foreigners in China, "instead of grumbling about treaty rights, must adjust themselves as quickly as possible to a rapidly changing state of affairs in which extra-territoriality will soon be merely the fading memory of a discredited past."

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[42] Cf. Bau, *op. cit.*, for fuller quotations and comments on the relevant texts. The American text is printed in *Treaties and Agreements, 1919–1929*, pp. 279–282 and Blakeslee, *op. cit.*, pp. 179–182.

The assumption upon which the whole of this argument rests is that, apart from extra-territorial privileges the Powers have, and are prepared to maintain, their accepted rights under international law which, in any country, empower them to protect by diplomatic and even armed intervention, the persons, rights and properties of their nationals. There was some discussion as to the extent of such rights and it was pointed out that definite decisions of international legal tribunals have asserted the right of a foreigner to even higher standards of justice than those applicable to citizens of states whose legal systems are relatively undeveloped. The problem is a general one and as such is being approached by the League of Nations in pursuance of its work in the codification of international law. The World Economic Conference of 1927 recorded its judgment that

> the granting of the legal, administrative, fiscal and judicial guarantees necessary to the nationals, firms or companies of a State admitted to exercise their trade, industry or other occupation in the territory of another State or to settle there is one of the essential conditions of economic cooperation between nations.

In consequence of this resolution an International Conference was convened at Paris on November 5, 1929, in which thirty states participated. This conference considered a draft convention which aims at securing, for foreign nationals and companies already admitted to a state, free development and treatment as far as possible equal to that enjoyed by nationals.[43]

More specific examples were given at various times during the round-table discussions of cases where business and other foreign enterprises are actually proceeding without extra-territorial protection. A good deal of interest was naturally evinced in the experience of German and Russian nationals. The Chinese contended that German traders in particular have the active goodwill of the Chinese government and people, that the whole of China is open to them and that they have no substantial causes of complaint. Opinions were cited to the contrary, but specific cases were difficult to find. One specific case was quoted of a German national being involved in a civil case and being treated with severity and mulcted in an unreasonable fine which, however, he successfully refused to pay. This case was immediately capped by a Chinese legal expert who himself had been involved in an almost precisely similar experience and who argued therefrom that it betokened inexperience of procedure on the part of Chinese police and court officials; but that this inexperience was being rapidly remedied and did not extend to the better organised modern courts. There was a suggestion that the Chinese were particularly careful in their treatment of Germans, a suggestion with which Chinese members heartily concurred, though instead of drawing the inference that general abolition would cause a lowering of standards they argued that all foreigners would enjoy the preferential position of the Germans. It seems clear also that the difficulty of discriminating between foreigners who do and do not enjoy extra-territoriality makes for hesitancy on the part of Chinese officials.

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[43] Cf *Bulletin of International News* (Information Service on International Affairs, London), Vol VI, No. 9, p. 23.

The treatment both of "White" Russians and of Soviet nationals, particularly in northern Manchuria, provides clearer examples of miscarriages of justice. Definite cases were cited of wrongful imprisonment, detention without trial and excessive punishment. An outstanding case is that of the manager of the Chinese Eastern Railway. The larger numbers of the Russian population in this area and its closer approximation to the economic standards of the Chinese, involving more direct economic competition, are factors in the situation. It was pointed out also that northern Manchuria must be regarded as a rapidly developing frontier community. In such communities justice is generally more rough and ready than under more settled conditions of law and order. Moreover, the recent incidents have occurred in a time of excitement and war psychology. It was reported, however, by members who had recently travelled through Moscow, that there seemed to be some uneasiness in official circles concerning this whole question.

The missionary point of view found representative exponents whose attitude was distinctly in favor of the abandonment of extra-territoriality. They pointed out that the investments of missionary and educational enterprises in China were considerable.[44] A group of twenty-four Protestant educational institutions has investments amounting to more than $10,000,000 (gold) and annual budgets which total $1,000,000. Until within the last few years such enterprises were carried on with full extra-territorial rights independently of the Chinese educational system; but they are rapidly being incorporated in the general scheme. Many missionary bodies have renounced the protection of their governments and have refused to accept indemnities for damage suffered in certain cases. Individual missionaries have announced their intention not to look to their governments for protection or redress; but they cannot commit their governments. The British government has, however, announced its intention to abandon extra-territoriality as far as missionary and educational enterprises are concerned and has gone some distance with the necessary practical steps in this direction. With one exception Protestant universities have accepted the reorganisation necessary to meet the conditions for registration under the Chinese Ministry of Education. This involves the appointment of a Chinese president and a majority of Chinese on the Board of Directors.

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[44] Cf. E. W. Wallace, "Christian Missions in China" (unpublished); also estimates in D. K. Lieu, *Foreign Investments in China* (China Council, I.P.R., 1929).

The experience of these institutions was stated to be very satisfactory. The attitude of the students has improved. Chinese authorities and individuals have come to the assistance of the institutions. The majority of missionaries are convinced that, outside of the treaty ports at least, foreigners are better off without extra-territoriality and most of them believe also that business would gain in the same way as missionary enterprises have done.

This missionary position is based upon the feeling that "the only real power in China today is public opinion and that everything is therefore dependent on the goodwill of the Chinese people, a goodwill that is easy to gain as the Chinese are naturally friendly". This public opinion is easily organised and aroused. The weakness of Chinese government constitutes the present strength of the nation—it is impossible to control public opinion. Foreigners must, it was argued, recognise the sense of national dignity and Oriental insistence on appearance and form. In the present disturbed state of the country unfortunate incidents are inevitable but the Chinese themselves suffer more than the foreigners from such consequences of disorganisation as banditry, famine and militarism.

Another section of public opinion favorable to the Chinese case, at least as far as general recognition of the principle of speedy abolition is concerned, was represented by leading business men among the British, American and Japanese groups. There was some divergence of attitude between the business groups which definitely represented the point of view of treaty-port residents and treaty-port investments, as distinct from those which were primarily interested in the broader aspects of developing trade with a renascent China. Many of the latter, however, spoke with intimate knowledge of Chinese conditions acquired by many years' actual residence and business experience in various parts of China. In the Japanese group particularly it was noticeable that the outstanding leaders of business were distinctly more emphatic in their statements of the desirability of meeting Chinese demands, than the academic group were. Official viewpoints were not directly represented in the round-tables and members were expressing only their own personal opinions; but it was evident that the men with practical experience of large business responsibilities in China were disposed to be much bolder in their statements and less hesitant in their attitudes than the professors. In particular they dwelt much less on treaty rights and were much more inclined to favor action, to evince some trust in China and to condemn a "wait and see policy". Moreover, they were prepared to testify to the general validity of the justice administered in Chinese courts for example in south Manchuria.

It was from this group that the main arguments came against insistence upon the achievement of such standards of judicial administration as "might take a century" and involve indefinite postponement. They were aware of the political reality of Chinese sentiment and pointed out also that foreign vested interests in China were small compared with similar Chinese interests and also with the large possibilities of increasing foreign trade. The argument was added that under conditions of revolution and civil war in any country, foreign interests were bound to be affected, that, in spite of extra-territoriality, unfortunate incidents have occurred but that such losses, however irritating, were trifling compared with those sustained by British interests for example in the period of the American Civil War. The general attitude of this group, therefore, while cautious concerning the necessity for time being given for readjustment and for safeguards in a transitional period, was distinctly sympathetic towards China's case for immediate abolition. A prominent banker quoted the scriptural admonition—"Agree with thine adversary while thou art with him in the way." One such statement may perhaps be quoted of a foreigner who gave his observations as the result of many years' residence and travel in China in supervision of large business interests.

> In only one instance had he experienced a case in which Chinese authorities took action against foreigners and this action was justified—the culprit was removed to the nearest treaty port and handed over to the consul. Otherwise the people seemed unconscious of extra-territoriality and did not even know how to spell it. There had been no instance in his company's business when there was any case of criminality. The business had dealings with all sorts of people all over the country and had large numbers of men engaged in industry in the treaty ports. Most of its business in the country was necessarily carried on according to foreign methods. Chinese codes, contracts and methods were, however, adopted as far as possible. There had been very little recourse to the courts. The bad debts of this extremely large business had been so small as to be negligible. This showed the extraordinary honesty of the mass of the business population. If there was a lack of law, custom and tradition made business quite possible if it was carried on in accordance with Chinese custom. In the previous year a very large loss had been sustained owing to the seizing of a large amount of goods by a military leader. This had been done quite openly. If there had not been extraterritoriality the company's position would have been identically the same. Foreigners concentrated in treaty ports largely because of this isolation. If foreigners had been scattered throughout the country automatic agreement would have grown up. The vested interests in treaty ports were not only foreign—probably they were preponderantly Chinese. This business was carried on under the general sense of law that existed

throughout the world, especially under limited liability companies and banks. No new code was really going to affect general Chinese practice except in the case of the minority which was adopting western methods of living. To force the creation of an unnatural machinery of action upon the Chinese people would be a disaster. The foreign communities could get out of the impasse without great legal or diplomatic struggle if the sound sense of the Chinese could evolve some way of living together in business areas. The problem in his opinion was not as complicated as the word suggested.

It must be stated, however, that there was by no means unanimous opinion in any round-table or any group or section in acceptance of this point of view. Apprehension of the consequences of the abolition of extra-territoriality was repeatedly voiced. The large interests at stake were emphasized and it became apparent that the root of the apprehension lay in the expectation that the stability, economic prosperity and good government of the foreign settlements would be endangered.[45] Even the responsible exponents of the treaty port point of view admitted that extra-territoriality must go and that it would probably disappear much sooner than had been expected even a short time ago. They pointed out, however, the risks that were involved both to foreign and to Chinese interests and drew attention to the great difficulties that had already been experienced in administering the transitional arrangements that had been made for example in the Provisional Court of Shanghai.

From their point of view juridical and technical points are not major considerations. They therefore dissented from the proposition that the foreign interest in extra-territoriality is juridical,[46] and maintained that it was as much a political problem for the other Powers as for China. They stressed the weakness of the Chinese central government, its lack of control over local governments, its failure to enforce peace and order. They maintained also that there is no more assurance now of civil government establishing control over military leaders than when the Extra-territoriality Commission reported in 1926. Further there was as yet no satisfactory judicial procedure or body of tested law. The promulgation of codes, they argued, is an easy matter but means very little. Tested codes administered by experienced judges independent of executive interference, and implemented by properly organised police and prison systems have yet to make their appearance. In view of these facts it was contended that foreigners would not be justified in relying yet upon Chinese justice.

Of these objections most stress was laid upon the lack of judicial independence. It was recognised that the codes of law were probably adequate if properly applied and that in any case the provision of a body of adequate law was not an insuperable difficulty. The weakness of the courts and in particular executive interference with judicial procedure and attempts to use the courts for political purposes were regarded as more serious objections. Specific examples were cited and admitted by the Chinese members, though the latter pointed out that the individuals concerned were not foreigners but Chinese and that there were no grounds for arguing that foreigners would be treated in this way also. The "lack of austerity" of some judges, the failure of the Chinese government to assure them financial independence and security of status and tenure as well as adequate police power to enforce the execution of their decisions, were, however, regarded as destructive of confidence in the integrity and impartiality of justice. The appointment of judges for temporary periods and the requirement that all judges must be members of the Kuomintang were also cited. Moreover, it is difficult in such a country as China to build up a tradition of "the rule of law" and "equality before the law" when for centuries the will of the executive has ruled supreme.

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[45] Cf. "Memorandum on the International Settlement at Shanghai" (printed below, pp. 356–67), for the close connection between extra-territoriality and the administration of Shanghai; also C. L. Hsia, *The Status of Shanghai*, Chaps. IV, V, VI, and VIII.

[46] As stated in J. T. Shotwell, "Extra-territoriality in China" (printed below, pp. 345–55).

Other specific reasons for hesitation were given and supported by practical examples. These related to such questions as the fear of excessive and unreasonable, though legal, taxation. Revolutionary governments, it was pointed out, are in chronic need of funds, administrative expenses always multiply when democratic institutions appear. Governments are forced by necessity to take money where they can get it and foreign firms are likely to offer a tempting source of taxation. Other arguments of the same character were presented by Japanese spokesmen who drew attention to the effects of political propaganda in the creation of labor unrest in foreign industrial enterprises.[47] The use of the boycott was even more destructive. Japanese spokesmen drew attention to its devastating effect in recent years first upon British and later upon Japanese trade.[48] They argued that it was a form of economic warfare and contributed materially to exacerbate the feeling of hostility towards China's cause, producing in fact a war psychology on both sides.

The connection of these factors with extra-territoriality was challenged. The Japanese case appeared to be that these instances were both indicative of what might be expected to happen if the Powers weakened in their insistence upon treaty rights, and were also examples of unfair methods of negotiation, amounting to intimidation. The Chinese reply was a denial of the use of such methods in connection with extra-territoriality which officially was regarded as terminated as far as Japan was concerned by China's denunciation of the treaty in 1928. The boycotts and strikes, they maintained, were due to popular resentment against Japan's policy in China. The Japanese members countered by adducing examples of definite cases where official or at least semi-official incitement of such movements had been discovered.[49]

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[47] Tatsuichiro Funatsu, "Nationalist Attitude towards Foreign Industrial Establishments in China" (unpublished).

[48] Masunosuke Odagiri, "Boycott in China" (printed below, pp. 377–79).

The main problem raised by the abolition of extra-territoriality, however, concerned the status of foreign administration in the concessions and settlements, particularly in Shanghai. It was generally agreed that without extra-territoriality the present system of municipal administration would be unworkable.

If extra-territoriality is abolished it is evident that the administration of the settlement would be rendered impossible even if it would not immediately lose its legal sanction. The municipal government of the settlement differs from any other government in the world; it exists not by consent of the governed, or through any inherent right of its own, but by the sufferance of the Powers whose nationals reside within its limits, including China. This situation depends largely on the legal fact of extra-territoriality, which means that jurisdiction over its nationals belongs to each of these governments having treaty rights, and it is only before their Consular courts that their nationals may be tried. The municipality has no judicial function of its own. The enforcement of its by-laws and of its tax levies depends in each case upon the will of the particular consulate before whom is tried the individual who calls into question the by-law or tax levy. Clearly this situation imposes common action of the judicial authorities and it is on that common action that sanction of the decrees of the municipal council is based. Other means of enforcement, such as shutting off the electric light or water supply, could not long prevail against the opposition of the various judicial authorities.

The situation of the Chinese is peculiar. When the Settlement was first organised, it was thought of as a place of residence of foreigners who were under consular jurisdiction, but as Chinese came flooding in, greatly outnumbering foreigners, (they are now at least ten to one) as they became owners of land and occupiers of places of business and of homes and thus rate-payers in a large amount, the enforcement of police rules, of by-laws and of taxes became largely a question of their enforcement against Chinese. Under extra-territoriality, suits against Chinese must be brought before the Chinese judge, and if that judge disapproved of a particular by-law or tax, or could not be made to understand its meaning, it might be difficult to carry out the regulation. At first the Consuls in the settlement took jurisdiction over such cases but later, as the number of Chinese residents increased, a Chinese Court was set up, but beside the Chinese judge was placed a foreign assessor appointed by the foreign Consul under a somewhat shadowy application of the provision of the treaties authorising an assessor, to be appointed by the Consul, to sit in cases where foreigners were concerned. In the Chinese courts in the settlement since their institution the assessors have taken "a lively part in adjudicating cases with the magistrate" thus preventing the Chinese judge from exercising his own judgment freely. In the agreement for the Rendition of the Mixed Court in 1926, which marks a recession from the high point of foreign consular interference, it is provided that a deputy appointed by the Senior Consul shall sit in the tribunal "in criminal cases directly affecting the peace and order of the Settlement, including the land regulations (the constitutional law) and by-laws." Thus there has been a limitation on the jurisdiction of the Chinese government over its own nationals so organised as to assure the observance of the local laws of the settlement.

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[49] Funatsu, *op. cit.*

If extra-territoriality disappears then this basis for the Settlement, conflicting jurisdictions in the various Councils and in China, will go with it, and China alone will exercise the judicial function in the territory. Clearly then, any regarding of other considerations, the power of the municipal council to make by-laws, to levy taxes, to take property by condemnation for public purposes, will depend upon the good will of the Chinese judges who can hold any by-law invalid as beyond the jurisdiction of the Council or can fail to enforce it, and can deny the legality of a tax levy or other proceedings. As it is now constituted, the Settlement or authority could scarcely function, and would have to be reorganised with the consent of the Chinese government. Even if extra-territoriality remains, however, it may well become increasingly difficult to continue the present form of government. Should China obtain exclusive control of the Chinese courts the validity of the acts of the Council might well come under the scrutiny of a Chinese judge as regards their application to an overwhelming number of the city's inhabitants. Only by a friendly cooperation in the common interest can this Settlement system carry on, and in the case suggested China would become perhaps the most important of the cooperators.

The Council has been practising the method of cooperation with Chinese residents. Recently the taxes were substantially raised. Chinese refused to pay. The Council did not proceed against them judicially but entered into negotiations with the president of the Chinese Chamber of Commerce and through him with other members. The matter was settled by the conference method. It is notable that the council in this instance was using the classical system of settling disputes between administrator and citizen in China. The incident would have developed in the same way in a Chinese town, a tax levy, a refusal to pay, a conference and a settlement. This is not the only instance of the use of this method in settling disputes between Chinese and the council.

With the new spirit arising in the country it is evident that this old-fashioned method will not last much longer. Already direct participation in affairs after the western method has begun and whether extra-territoriality remains or not, it is evident that the Chinese part in the affairs of the Settlement will increase in importance.

The dilemma involves interests too important to allow it to pass unstudied. The problem is to find an adjustment to new conditions, notably those which will arise if extra-territoriality be abolished. The suggestions made all involve planning in advance. One member wanted to call a conference of the diplomatic body and the Chinese government to find an arrangement for Shanghai as part of the whole question of extra-territoriality; another suggested that the Chinese government set up a committee with expert aid; a third that the Municipal Council create an expert commission. A fourth suggestion, recognising that the interest is joint and that the solution should be found by joint effort, was that the government and the Council name a joint committee which might be aided by experts in municipal affairs. Thus men familiar with local conditions, representing the parties most vitally concerned, would meet quietly around a table and apply conference methods in finding a solution. Mutual education would certainly result, and both parties would be responsible for any plan that might be issued from the conference.

5. PROPOSALS FOR ACTION

The discussion of extra-territoriality at the 1927 conference had produced suggestions for interim steps that might be taken for the improvement of judicial procedure in China before national unity had been achieved and a further set of suggestions for the abolition of extra-territorial privileges after unification and the establishment of a strong central government.[50] The former were discussed at some length, the latter hardly at all. Before the 1929 conference, however, the Nationalist government had asserted its authority and had been accepted by the Powers as the responsible government of China. The Chinese group therefore presented an amended version of the proposals for abolition.

Several other suggestions were brought to the attention of the round-tables. The first was that which was contained in the latest American note which expressed willingness to enter into negotiations for the relinquishment of extra-territoriality in gradual stages, either by regions or by differentiating between the types of cases.[52] There was not a great deal of discussion of

[50] *Problems of the Pacific,* pp. 91–94.

[51] Bau, *op. cit.*, pp. 343–44.

[52] *Treaties and Agreements, 1919–1929,* p. 282.

this suggestion which was not taken up by the Chinese group and was roundly characterised as impractical by members of the Japanese group. It was felt that the present temper of China demanded more definite action on the general problem.

It was natural, also, that considerable attention should be paid to the past experience of Japan in a similar situation. Some of the leading members of the Japanese group had participated in the movement for abolition in their own country and all were able to draw constructively upon the familiar incidents of the period. Stress was naturally laid upon the long period of agitation and probation through which Japan had to go before regaining her sovereignty. Agitation began in 1868 and did not cease until the negotiation of treaties in 1894 made unconditional abolition effective as from 1899.[53] In the intervening years Japan went through the stress of "a period of national indignation," and worked hard also to bring her legal system and procedure into line with the best modern practice.[54]

In his opening statement the leader of the Japanese group drew attention to the wholesome constructive influence which this period of striving had had upon the Japanese appreciation of international politics.[55]

> The initial mistakes with which she started on her international career—by which are meant in particular extra-territoriality and the sacrifice of tariff autonomy—have proved, perhaps, the greatest lesson she could have learned in international law and diplomacy. By close observation she learned that neither chicanery nor threats; false representations nor loud declamations, courting the favor of one nation or abusing another—none of these methods is of any avail in the arena of international contest. Solid worth, deserving of respect, based on the knowledge of "the universal law of heaven and earth," is the standard by which a nation's status is judged.
>
> This education of thinking in terms of internationalism requires years of training; it is not the training of one or two single isolated mental faculties. It means the coordination of many powers of mind—of intellect, emotion and will. It cannot be gained from textbooks or in academic halls. It is acquired only by coming in contact with realities, and this requires years and decades.
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> . . . To put into execution any great reform, there must be a period of preparation and probation, especially when the idea of the reform comes from abroad. We remember well how infinitely long those years were felt to be which

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[53] Cf. W. P. Ker, "Treaty Revision in Japan," *Pacific Affairs,* November, 1928; also *Western Influences in Modern Japan,* No. 12 by Jumpei Shinobu, "The Diplomatic Relations of Japan," and S. Komura, "The Abolition of Extra-territoriality in China and Japan's Hopes" (unpublished).

[54] *Western Influences in Modern Japan,* No. 4 by Kenzo Takayanagi, "The Reception and Influence of Occidental Legal Ideas in Japan."

[55] Inazo Nitobe, "Japan's Preparedness for International Cooperation" (Opening Statement for the Japanese Group), *Pacific Affairs,* January, 1930.

were spent in preparing the nation for the abolition of extra-territoriality. Complete reforms in laws, the establishment of courts, the improvement of prisons, the education of judges, the perfection of administrative organs, each and all take long years of patient toil. Indeed, it took a whole generation, twenty-eight years (1875–1901), to convince western Powers that it would be absolutely safe for their citizens to come under the jurisdiction of the Japanese government. Would there were a shorter cut to accomplish the same end! Would that a few strokes of the brush could sweep away illiteracy! Would that a whole nation could be levitated by a magic proclamation! How gladly would our statesman have hailed a cheap and loud demonstration, if such a stunt could really cure a defect in the life or the framework of their country. Perhaps in these latter days, when speed has been accelerated in every domain of human activity, the younger generation may invent a time-saving process. And yet, Japan ought not to regret that the best energies of her formative days were devoted to regaining her birth-right, because the concentration of her mind upon the question of her international status brought about such changes in her national psychology as would not else have occurred.

The experience of Japan was used therefore to stress the necessity of constructive reforms. Because of her proximity to and close economic relationships with China, Japan has also a very direct and vital interest in China's present situation. The attitudes expressed in the round-tables were distinctly sympathetic; but Japan has much to lose by any false step in China, probably more than any other Power, and hesitates to commit herself to premature decisions and promises. It was plain also that Japanese cultural, economic and social organisation is much closer akin to that of China than any other Power's can be. There is a closer, more detailed knowledge and understanding of the inner significance of political movements on the part of these peoples. That knowledge is reciprocal. In a sense they understand each other too well. At the same time an era of conflict and hostility would prejudice their most vital interests, and hopes were expressed that a mutually satisfactory treaty of amity and reciprocal understanding might be negotiated in the near future.[56]

The example of other states which had recently regained their sovereign rights was adduced. The Siamese system in particular was described in detail in a reprinted paper to which attention was drawn by the American Council.[57] This particular solution was, however, not viewed with favor by the Chinese members since the right retained by the Powers, even if only for a limited period, to remove a case to consular jurisdiction, was deemed a continuance of interference with sovereignty which would not be tolerated by Chinese public opinion.

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[56] S. Komura, "On a Mutual Non-aggression and Inviolability Treaty between China and Japan" (unpublished).

[57] Francis Bowes Sayre, "The Passing of Extra-territoriality in Siam" (reprinted from the *Atlantic Monthly*, November, 1927, and the *American Journal of International Law*, January, 1928).

A further plan suggesting, in essence, the establishment during a transitional period of a Mixed Court, was presented in an American data paper.[58] There are many historical precedents for such a plan which indeed, except for the manner of appointing the judges, was suggested by Great Britain as far back as 1865. Attention was drawn also to the somewhat similar proposals made in draft treaties drawn up to meet Japan's case in 1886 and 1888. The proposal to use foreign judges in Japanese courts provoked an outburst of popular resentment at the time and feeling ran so high that the statesman (Okuma) who proposed it lost his leg in an attempted assassination. The Japanese members, for the most part, felt that it was not likely that Chinese public opinion would be any more receptive to foreign judges, however appointed.

The essence of the proposal was that during a transitional period jurisdiction over foreigners should be exercised by modern courts presided over by judges, foreign and Chinese, appointed by the Chinese government from a panel selected by the World Court. Incidentally it was remarked that if the United States were a member of the League of Nations, no other international machinery would be necessary to handle the whole situation.

A Japanese amendment of this proposal contained suggestions for meeting the feeling against foreign judges. It proposed the appointment by the Chinese government of a standing commission selected as suggested, not of judges but of jurisconsults, to answer questions submitted by the courts as to the interpretation of laws and to assist the government and the courts in perfecting the legal codes and the administration of justice.

The proposal to have a mixed commission of jurisconsults rather than foreign judges proved more acceptable to the Chinese members though the assumption that such a commission might be attached to the Ministry of Justice rather than to the courts was demurred to by some foreign lawyers. A Chinese spokesman, while welcoming suggestions drawn from the experience of other people, maintained that China must decide for herself what steps to take and when to take them. There were precedents, he pointed out, for the use of foreign experts, in the customs, post office, and salt gabelle services, and the Nationalist government had given ample proof of its desire to utilise the skill and experience of foreigners who were willing to put their services at the disposal of China and work under Chinese direction. There was, however, no hope whatever of Chinese public opinion agreeing to any such proposal as a condition precedent to the relinquishment of extra-territoriality. Let the Powers voluntarily abandon their privileges and trust the Chinese government which had every reason to provide, and every intention of providing, all the safeguards necessary both for a transitional period and permanently.

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[58] James T. Shotwell, "Extra-territoriality in China" (printed below, pp. 345–55).

An independent Japanese suggestion proposed the appointment for an interim period of a commission modelled upon the Reparations Commission; but the drift of opinion in the various round-tables was distinctly towards consideration of the Chinese proposals for immediate relinquishment by the Powers specifying some date in the near future. It was felt that such a declaration would be followed immediately by negotiations for reasonable safeguards in a transitional period or interregnum. Time for adjustment of foreign interests and particularly for consideration of the problems raised by the administrative control of foreign settlements was felt to be essential. If such a plan should come to fruition, it was further suggested that permanent measures would prove to be more important than transitional schemes, that consideration of the necessity for an Open Court and access to counsel at all times, was more vital than schemes for a temporary Mixed Court.

From one round-table there emerged, as a result of discussions within a smaller group, some suggestions for consideration. Agreement was reached on certain facts and issues as follows:

After the abolition of extra-territoriality China will remain under certain definite responsibilities of international law for the protection of foreigners within her territory. The prospect that the responsibilities of states in this regard will be codified in the conference called under the auspices of the League of Nations for 1930, may facilitate the abolition of extra-territoriality.

It was generally recognised as desirable that the abolition of extra-territoriality be effected through negotiation and revision of the existing treaties. In view of the difference of interpretation of some of the clauses (concerning procedure for revision) in existing treaties and of the present situation, it is desirable that the powers enjoying extra-territoriality negotiate with China at an early date. Such negotiations should be individual and not collective.

In the negotiation of new treaties the major issue between China and the states enjoying extra-territoriality has been as to the precise time at which extra-territoriality should terminate. China has wished the time to be specified while the other states have wished it to be contingent upon the achievement of certain reforms by China in the promulgation of codes and the administration of justice. Certain powers have made treaties with China in which a definite time for the termination of extra-territoriality is stated but this is qualified by exchanges of notes in which China agrees that in the absence of certain conditions extra-territoriality will continue for those powers until a majority of the treaty powers or all the Washington Conference powers have agreed to the abolition of extra-territoriality. It is natural that China should not be satisfied with a treaty making the abolition of extra-territoriality contingent upon conditions concerning the fulfilment of which opinions will differ, especially if the extra-territorial powers reserve to themselves the decision as to whether such conditions have been met. It has been suggested that some impartial body, such as the Permanent Court might decide whether China had fulfilled any conditions of reform specified in treaties, but the Court might hesitate to pass upon such complicated questions of fact, and if it did China might question the impartiality of the decision since most of the states of the world have an interest in retaining extra-territoriality. A definite time was specified in the treaties of 1894 by which extra-territoriality was abolished in Japan. It was regarded as natural therefore that the new treaties should specify a definite time at which extra-territoriality should terminate. This time should be sufficient to give the nationals of the states interested an opportunity to readjust themselves to the new situation.

In consideration for the willingness of the powers to specify a definite time, China would probably agree by exchange of notes to recognise special conditions as applicable to courts whose jurisdiction extends to cases involving foreigners. While these conditions were not specified precisely, it was recognised that those incorporated in Mr. Bau's proposal (paragraphs 2, 3 and 4) furnished an admirable basis for discussion. A provision similar to that in Mr. Bau's paragraph 5, in regard to freedom of residence, trade and civil right should be included in the new treaties.[59]

While this statement reflects a fairly general measure of agreement in one round-table concerning the essential elements of the present situation and the most practicable way out of the dilemma it presents, vigorous dissent was expressed by some members from the advisability of unconditional agreement by the Powers to complete abolition on a certain specified date, irrespective of the conditions obtaining in China at that time. It was felt that conditions might be such that a promise previously entered into in this way might involve the Powers either in the abandonment of their nationals to impossible conditions of misgovernment, or in the revocation of the promise in such a way as to arouse anti-foreign feeling in China more violently than at any time in the past. This statement, however, reflects a rather pessimistic feeling of ultra-caution which was not shared by the majority of the members who felt that, while great difficulties lie ahead, cooperative effort by China and the Powers would be adequate to meet and overcome them if that effort was based upon genuine confidence and reciprocal understanding.

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[59] Bau, *op. cit.*, p. 344.

DOCUMENTATION

The following documents were made available as a basis of round-table discussions:

MINGCHIEN JOSHUA BAU, "The Tariff Autonomy of China" (printed below, pp. 313–22).

MINGCHIEN JOSHUA BAU, "The Relinquishment of Extra-territoriality in China" (printed below, pp. 323–44).

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W. P. KER, "Treaty Revision in Japan," *Pacific Affairs,* November, 1928.
"Chinese under British Rule in Malaya, Hong-Kong and Wei-hai-wei."

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"The Abolition of Extra-territoriality in China and Japan's Hopes."

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A MEMBER OF THE BRITISH GROUP, I.P.R., "Memorandum on the International Settlement at Shanghai" (printed below, pp. 356–67).

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No. 4 by KENZO TAKAYANAGI, "The Reception and Influence of Foreign Legal Ideas in Japan."
No. 12 by JUMPEI SHINOBU, "The Diplomatic Relations of Japan."

DAVID Z. T. YUI, "China and the Pacific World" (Opening Statement for the Chinese Group), *Pacific Affairs,* January, 1930.

CHAPTER V

CHINA'S FOREIGN RELATIONS—CONCESSIONS AND SETTLEMENTS

QUESTIONS FOR DISCUSSION

1. What is the origin of the concessions and settlements? In a consideration of this history, what opposed aspects tend respectively to be emphasized (a) by the Chinese, and (b) by those who wish to retain the concessions?
2. From the point of view of China, what are the objections to the *status quo?*
3. From the point of view of those who wish to retain the foreign concessions and settlements, what are the objections to complying with the Chinese demands in the situation?
4. What, if any, change of attitude has been manifested by the several governments concerned within the last three years?
5. If concessions and settlements were abolished, what elements in the existing situation ought to be provided for:
   (a) In the opinion of Chinese students of the problem?
   (b) In the opinion of foreign students of the problem?
6. In the light of all the foregoing, what are the steps to be taken?
7. What is the relation between Extra-territoriality and the Concessions
   (a) In the International Settlement at Shanghai?
   (b) In the Legation Quarter at Peiping?
   (c) In the Settlements in railway zones?
8. What is the form and character of the Chinese administration of former concessions?
9. Is there a trend towards Chinese control?
10. What is the situation of the International Settlement at Shanghai in relation to:
    (a) General Issues?
    (b) The Provisional Court?
    (c) Suggested Solutions?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairmen of Discussions:

George H. Blakeslee
Roland W. Boyden
Lord Hailsham
James G. McDonald
Hon. Newton W. Rowell

Recorders:

Miss Martha Alexander
G. E. Coke
Frederick V. Field
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Arthur Jorgensen
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S. Matsumoto
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E. F. Penrose
John D. Rockefeller III
I. Clunies-Ross
S. Uramatsu
Miss Carol West-Watson
Mrs. Quincy Wright
Hobart N. Young

I. PROGRESS OF THE POLICY OF RENDITION

The foreign relations of China present a single, if complex, problem. Certain questions such as tariff autonomy, extra-territoriality and the government of foreign concessions may be isolated for the purpose of academic discussion; but in real life they are all linked together. The previous chapter of this volume, summarising the round-table discussions on extra-territoriality, necessarily includes some treatment also of the related questions, tariff autonomy and the government of concessions. The domestic problems of governmental reorganisation and economic reconstruction present, moreover, a common background to all these questions and one that cannot be ignored in any realistic discussion. While it is true that progress can best be made in such difficult situations by isolating the various elements of the problem and dealing with them one at a time, it is impractical and unreal to ignore altogether the relations between them. It was for this reason that, after discussion of the current problems in the foreign concessions and settlements had grown naturally out of those on extra-territoriality, later round-tables were set up specifically for the consideration of the relations between the two sets of problems. Of the questions for discussion printed at the head of this chapter, Nos. 1–6 were considered in the original round-tables and Nos. 7–10 in those set up later.

In this formal record much of the interchange of personal discussion is necessarily lost. Tone and gesture, the personalities of those expressing opinions or judgments, the relation of question and answer, the significance of statements according to the trend of the discussion, are almost wholly lost in an impersonal summary which, moreover, must combine into one consecutive narrative all the essential ideas which came out at different times and in different connections in four concurrent round-tables discussing the same subject. For the same reason it has been necessary to separate out, somewhat artificially, those sections of the discussion relating first to extra-territoriality and, in this chapter, to the problems of the concessions and settlements. In the round-tables there was constant reference back and forth between these issues, the close relationships of which were clear in the minds of all members. The summaries of discussion should be read with this fact in mind.

The discussions at the 1927 conference were largely concerned with the general question of the historical origin of the concessions and settlements, their legal status and economic importance, their relation to the current problems of Chinese government, both central and local, and to the temporary problems raised by the presence of foreign troops in certain areas, notably Shanghai. The various classes of foreign settlements were stated and explained, their legal origins were examined and the problem of metropolitan reorganisation at Shanghai was discussed in a somewhat tentative manner.[1]

At that time there was a difficult diplomatic situation and strong feeling existed on both sides. The excitement over the incident of May 30, 1925, at Shanghai had by no means died down. The later Nanking incident (March 24, 1927) was very recent and had not been settled between the Nationalist government and the foreign Powers concerned.[2] There were two governments in China and the prospects of unification appeared more remote to foreign than to Chinese eyes. Discussions therefore were necessarily hesitant and concerned rather with general issues than with any specific ideas of reorganisation based upon transference of these areas to Chinese rule.

Even in 1927, however, lines of solution were beginning to appear. Though no strong central government was in existence, British official memoranda had outlined a policy of negotiation with local authorities upon specific issues and definite progress had been made with this policy of conciliation. Essentially it was based upon a recognition of the unity of Chinese public

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[1] *Problems of the Pacific*, pp. 95–105 and 257–264.

The list of foreign concessions in China is reproduced below from Blakeslee, *The Pacific Area*, p. 44:

Present Concessions

Great Britain	Japan	France	Italy	Belgium
Amoy	Amoy	Canton	Tientsin	Tientsin
Canton	Hankow	Hankow		
Tientsin	Tientsin	Tientsin		
Chinkiang	Hangchow	Shanghai		
Newchang	Soochow			

Former Concessions Recovered by China

Germany	Russia	Great Britain	Austria-Hungary
Tientsin (1917)	Tientsin (1920)	Hankow (1927)	Tientsin (1917)
Hankow (1917)	Hankow (1920)	Kiukiang (1927)	

[2] For the later settlement see Blakeslee, *op. cit.*, pp. 61–65 and 155–159; also *Treaties and Agreements, 1919–1929*, pp. 216–226.

opinion regarding foreign policy, even at a time of governmental chaos.[3] The British Consul-General took the initiative in negotiating with the representatives of the Kiangsu Provincial government an agreement for the rendition of the Mixed Court at Shanghai. The agreement was signed August 31, 1926, and the new Provisional Court was set up for a preliminary period of three years as from January 1, 1927.[4] In the same way a representative of the British Ministry at Peking negotiated with the Hankow government an agreement on February 19 and 20, 1927, for the unconditional rendition of Kiukiang and the handing over of the British concession at Hankow to a Sino-British Council.[5] During this period also negotiations between the Shanghai Municipal Council and the Chinese Ratepayers' Association went some distance in the discussion of the representation question at Shanghai.[6] These were all efforts to tackle local problems with local authorities in a practical spirit of compromise, in order to make definite progress and settle outstanding issues without involving broad political policies. At the same time the settlement of those issues was regarded as an essential preliminary before negotiations on the broader political problems could be attempted with any prospect of success.

When the second conference met in July, 1927, there had been a definite check in the progress made along these lines. The schism in the Nationalist party leading ultimately to the fall of the Hankow government had caused confusion in that city, the negotiations at Shanghai were halted by the disappearance of the Chinese negotiators when the control of the area passed into other hands and by new elements introduced after the diplomatic success of the Nationalists at Hankow. The rendition of the concessions at Hankow and Kiukiang and of the Mixed Court remained, however, as substantial results of the negotiations, though a deadlock appeared to have been reached on the representation question, and there was considerable misgiving as to the success of the rendition. The British government, however, in face of strong local criticism adhered to its announced policy in which it appeared to have the support of the leading foreign Powers.

The first questions raised at the Kyoto conference were naturally concerned with the subsequent developments of the policy of conciliation. The opening statement for the British group referred with satisfaction to the notable progress that had been made.

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[3] Whyte, "China and Foreign Powers," pp. 34–38 and 49–64.

[4] *Treaties and Agreements, 1919–1929*, pp. 169–181; also C. L. Hsia, "The Status of Shanghai," pp. 60–93 and 180–183, and "Memorandum on the International Settlement at Shanghai" (printed below, pp. 356–67).

[5] Whyte, *op. cit.*, pp. 34–38 and 65–72; also *Treaties and Agreements, 1919–1929*, pp. 203–215.

[6] A member of the British Group, I.P.R., *op. cit.*

At the beginning of 1927 there were three important matters at issue between China and Great Britain—Foreign Concessions and Settlements, the Chinese Tariff and Extra-territoriality. Besides these, other smaller but still important sources of friction required settlement, the most urgent perhaps being Great Britain's demand for a satisfactory arrangement of the Nanking incident. It must be remembered that at this time there were still two governments in China. So long as this condition of affairs lasted it was impossible, as the British government had pointed out in its December Memorandum, to proceed with the larger programme of treaty revision. . . . But pending the time when that condition should arrive, the British government continued its declared policy of effecting improvement wherever possible by means of local negotiations and agreements with regional government, thus demonstrating the genuineness of its declared policy as it had already done in the cases of the British Concessions in Hankow and Kiukiang and of the Provisional Court at Shanghai. The constitution of the British Concession at Tientsin was modified so as to allow the Chinese to vote on equal terms with foreigners in the Concession, and to provide for increased Chinese representation on the Municipal Council. Negotiations were subsequently started which at the present moment are about to result in the restoration of the British Concession at Chingkiang to Chinese control on similar terms to those in force at Kiukiang. Early in 1928 an important step was taken in the International Settlement at Shanghai when three Chinese representatives were introduced into the Municipal Council and one Chinese member was co-opted on to each of the six Council Committees. By these means some progress was made concerning the first of the three main questions outstanding between the two countries, that of the Foreign Concessions and Settlements. . . . For the moment the initiative rests with the Chinese government. The British and Chinese Commonwealths each contain one-quarter of mankind. To adjust the relations of units so complex and vast is a formidable task. But the progress already made gives us courage to hope for an early settlement of other outstanding questions—the Boxer Indemnity Fund and the Naval Station at Wei-hai-wei. At the end of this year the position of the Provisional Court at Shanghai is due for revision. The solution of all these problems calls for the exercise of a faculty which in a homely phrase we English describe as putting oneself in another person's shoes.[7]

The Chinese opening statement also referred to these events, though naturally with a different emphasis.

Let us now turn our attention for a while to China's foreign relations during the past two years. A slight improvement in the Sino-foreign relations in Shanghai is seen in the Chinese representation on the Shanghai Municipal Council. Since April 10, 1928, three Chinese have been sitting on the Council and six more have been serving on its various committees. For the sake of further improvement, this fair beginning should be quickly followed up. Since its establishment on January 1, 1927, the experiences of the Provisional Court in the International

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[7] Lord Hailsham, "Great Britain in the Orient" (Opening Statement for the British Group), *Pacific Affairs,* January, 1930.

> Settlement in Shanghai show more and more clearly the importance and urgency of reorganisation on a strictly Chinese basis. With its anomalous status and its confusing system it can hardly be expected to administer justice as it should. A conference of the representatives of the Ministry of Foreign Affairs and of the different Legations will soon be held to consider the proper status of this court, with a view to restoring in full its Chinese sovereignty and otherwise increasing its efficiency.[8]

From such statements as these it was evident that it was the considered opinion of competent observers that the events of the last two years in China had on the whole shown distinct improvement. This was well expressed also by a passage in the Canadian opening statement.

> We must not, however, be disappointed if the progress is very slow. I have followed the developments in China for the past twenty years or more. One cannot follow these developments without being impressed with the fact that the leaders of China are attempting a greater and more complicated task than ever heretofore attempted by the leaders of any other country. They are attempting to change fundamentally, within the space of a few years, the political, educational and judicial institutions among one-quarter of the human race, a people without a common spoken language which all can use, without modern systems of transportation to overcome the great distances and natural barriers which divide their country into different sections, and who have always left the government to the few in authority. Under such circumstances delays, discouragements, excesses and disillusionments are inevitable and should not shake one's faith in the ultimate solution of the problem of government in China. Notwithstanding present difficulties and disturbances, China has made greater progress during the past three years toward the establishment of a National government than many foreign observers then thought possible. One has confidence to believe that in time the constructive forces in China will prevail and China will establish a government able to maintain law and order throughout China and command the confidence of the Chinese people as a whole. Any government which can maintain law and order at home will deserve and command the respect of all other nations. The people of Canada will watch further developments with the greatest interest and sympathy, and with the earnest hope that success may crown the efforts of the Chinese leaders.[9]

Closer examination of the facts revealed a general consensus of opinion that despite some failures and weaknesses, both central and local governments were stronger in China in 1929 than in 1927. The Chinese opening statement had claimed that there were visible many obvious signs of progress.

> Signs of reconstruction are seen on every hand. The modernization of old Chinese cities with their walls and narrow streets has been making satisfactory

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[8] David Z. T. Yui, "China in the Pacific World" (Opening Statement for the Chinese Group), *ibid.*

[9] Hon. Newton W. Rowell, "Canada Looks Westward" (Opening Statement for the Canadian Group), *ibid.*

progress and gaining approval. The extension of existing railways, the construction of new railways, especially in Manchuria, the building of thousands of miles of good motor-car roads in a number of provinces, the introduction of a regular air mail and passenger service between Shanghai and Nanking as a beginning, which already promises well for inaugurating long-distance air routes, and the steady increase in the use of telegraph, telephone, radio and other means of communication, serve not only to hasten the progress of the country, but also to unify the entire nation by knitting the people more closely together. To encourage the growth of native industries, industrial expositions have been held in various leading cities, notably those in Shanghai, Wuhan and Hangchow. The steadily increasing revenue of the Chinese maritime customs from year to year, in spite of most adverse conditions, is a clear indication of the ever growing volume of China's agricultural and industrial output and commercial activity. Educationally, China has made remarkable advances, as is clearly reflected in the establishment of universities, technical institutes, libraries, and the National Institute of Research on the one hand, and in the spread of popular education on the other.[10]

Foreign observers confirmed in general the facts stated in support of this claim and expressed the opinion also that there had been an increase in efficiency in the technical services, particularly of certain municipal administrations. The Chinese government of Harbin was stated to be a distinct improvement on the earlier Russian regime. The administration of the Chinese city at Mukden was also cited as being reasonably efficient and notable progress was reported from Peiping, particularly in regard to roads, police, and the telephone services. In Tientsin the municipal authorities were reported as cooperating with the foreign medical organisations in the improvement of public health and there were statements of satisfaction in general with the administration of the returned concessions at Tientsin and Hankow. Foreign residents stressed the fact that the basis of achievement at Tientsin had been cordial cooperation and friendly personal relationships between the Chinese and foreign communities. Even those members who were most doubtful on these points agreed that conditions, while not perhaps as good as they might be, were better than many foreigners expected them to become after rendition.

On the other hand there were not wanting severe criticisms. It was pointed out that the concessions so far returned to Chinese jurisdiction were all comparatively small and easy to manage. The equipment and organisation built up will remain valuable for some time and in the case of both Hankow and Tientsin there remain neighboring examples of foreign efficiency as standards of comparison. In both cases also the rendition was to mixed control and not purely Chinese jurisdiction. Complaints were reported from Hankow concerning the deterioration of the services and increased expense in former foreign concessions. The British government has had occasion to address two formal complaints, the first regarding specific instances of misgovernment and especially military interference, the second a protest against the merging of the ex-German and ex-Russian concessions into the Chinese municipal district.[11] The general disorganisation of trade and government has also reflected itself in a lowering of prosperity and efficiency in Hankow. The fear remains also, and has been realised in such cases as Kiukiang, that a purely appointive bureaucracy would take the place of an electoral system of government giving a share of representation to foreign interests. These developments, it was pointed out, were safeguarded at Hankow and Tientsin by prior treaty arrangements; but some doubt was expressed as to the power of the Chinese government at present to carry out such engagements.

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[10] David Z. T. Yui, *op. cit.*

In the case of the Chinese sections of the metropolitan area at Shanghai there is not only a standard of comparison set by the compact administration of the International Settlement and the French Concession but there is also a degree of contact which is probably closer than anywhere else in China. The rapid growth of the whole area in recent years has turned it into a great metropolitan aggregation. No section can live entirely to itself. There are common problems of public works, sanitation, drainage, public health, police controls, communications. The administration of the Chinese sections of the city is therefore of hardly less importance to the foreign community than the International Settlement and the French Concession are to the Chinese.

There were many unfavorable comments and contrasts drawn. Even since Shanghai has come under the control of the Nanking government and has therefore been relieved of the difficulties consequent upon changing administrations, there remain considerable difficulties and deficiencies in the municipal government. The idea of consolidation of the whole area into one great metropolitan administration has been advanced a long step by the merging of the Chinese areas into a Greater Shanghai. The development of adequate governmental machinery for such an area is, however, a difficult task. Foreign members of the round-tables who were familiar with the economic history of Great Britain recalled the even worse conditions of London and the new manufacturing towns in England in the early period of the Industrial Revolution before proper municipal government was evolved. American members drew attention to the very similar difficulties even in modern times that had followed the rapid heterogeneous growth of such areas as Chicago.

Shanghai now has an organic Act but still lacks administrative machinery and experienced officials. Its government is bureaucratic, the Mayor receives his appointment from Nanking. The appointment, often for political reasons, of inexperienced officials has led to inefficiency. The example was cited of a cholera epidemic to combat which the Chinese sought the cooperation of the Settlement experts who found the filter-beds of the water-supply clogged and the water full of cholera germs. This condition was directly due to a political appointment in a technical department. The development of technical efficiency and the divorce of the public utility services from political controls is a relatively perfected stage of administration to which Shanghai has not yet reached. Two morals were drawn from this example—that the foreign community was justified in hesitating to hand over its services to Chinese control, and that those services might be used as a basis of experience in developing a metropolitan administration that would be a model municipality and a training school.

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[11] Blakeslee, *op. cit.*, pp. 53–54.

In many ways the most important, and most difficult, aspect of the rendition policy is contained in the experience of the Provisional Court at Shanghai. This court, which at the beginning of 1927 took the place of the former Mixed Court, is in some ways the keystone of the municipal administration. A considerable proportion of the population of the International Settlement is Chinese. Though under the Land Regulations Chinese may not lease land, there exists a legal device by which a foreigner acts as trustee for Chinese lessees. Rates are collected from the beneficial owner and must be sued for in a Chinese court. In the same way criminal offences in which Chinese are involved must be handled in a Chinese court. These have always been problems of great importance to the foreign community ever since the first great influx of Chinese residents invaded the settlement in the early fifties of the nineteenth century.

The Kyoto conference had before it a Chinese research study tracing the origins and present problems of the International Settlement.[12] In that study a clear historical survey is given of the treaty basis of the settlement and the development of municipal government on the basis of the Land Regulations devised for controlling the disposition of the land set aside for foreign residence. Necessarily also it deals with the institution of the Mixed Court in 1864, the promulgation in 1869 of provisional rules for its working, and the gradual growth of the influence within it of the foreign assessors. The most important features of this growth of foreign influence in what was admittedly a Chinese court relate to the rise in status of the assessors till they became virtually co-judges; disputes over the power of arrest; and, after 1905, the stationing of foreign police in the Court. After the latter development in 1905 the execution of the Court's judgments lay practically in the hands of the foreign police, which further strengthened the status of the assessors. After the disturbances occasioned by the revolution in 1911 much greater changes took place. The Court, still presided over by Chinese magistrates, functioned under consular authority. Though still in theory a Chinese court it was divorced from the Chinese governmental system. The magistrates were appointed by the consular body, the foreign assessors sat even in civil suits between Chinese; the principle was successfully asserted that the foreign community had a large general interest in the justice administered both in civil and in criminal cases between Chinese residents. Moreover the administration of the court and the execution of its judgments passed into the hands of a foreign registrar and the municipal police. Constituted in this way the court functioned steadily as an organ of the municipal government and rendered important decisions, such, for example, as those in 1912 enforcing a municipal by-law and in 1914 recognising municipal authority over the extra-settlement roads, which greatly strengthened the hands of the Municipal Council.

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[12] C. L. Hsia, *The Present Status of Shanghai.* Shanghai: Kelly & Walsh, 1929.

The Chinese agitation for rendition of the court increased after the incident of May 30, 1925, and was successful as from January, 1927. Rendition was not complete. The presence of foreign deputies, the control of the court's administration by a foreign Chief Clerk, the continuance of extensive police powers and the fact that Chinese law is not supreme in the court, have caused Chinese requests for complete rendition at the expiry of the agreement on December 31, 1929.[13]

During the currency of the agreement, however, and especially latterly, there has been a great deal of foreign dissatisfaction. The main elements of this dissatisfaction were outlined in a data paper submitted by the British group.[14] There is little complaint against the judges who were stated to have won the respect of the foreign community. It was admitted also that many of the disputes that have embittered the Court's proceedings should not have been allowed to arise. Some part of the trouble, at least, has arisen through the inexperience and lack of tact of the foreign deputies. But a large part of the resentment of the foreign community is due to the efforts of the Chinese political and military authorities to dictate to the court.

". . . Rightly or wrongly, foreign opinion has been exacerbated by what are deemed to be the attempts of the Chinese government to make use of the judicial machinery of the Administration to obtain executive control over the Settlement."[15]

The whole dispute indicates clearly the intricate connection of the whole series of problems involved in China's foreign relationships. The anomalous situation in which one of the chief organs of justice in an important area derives its authority from an entirely different source from that which, in fact, governs the area is well summed up in the British data paper referred to above.

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[13] *Ibid*, pp. 73-75.

[14] A member of the British Group, I.P.R., *op. cit.* (printed below, pp. 363-67).

[15] *Ibid*, p. 366.

The other practical question of the moment in Shanghai concerns the representation of Chinese residents in the Municipal Council. The progress made on this question has already been sketched. There is evident a disposition on the part of the foreign rate-payers to proceed with the matter. The three Chinese Council members and six members of Advisory Committees have apparently worked in harmony with their colleagues. In the absence of an electoral system they are chosen by the Chinese Ratepayers' Association and there is some fear on the part of the foreign community that they may take their instructions from this body. It is evident that the present situation can only be temporary and it was generally agreed that steps should be taken towards a representation system. Any democratic counting of heads would obviously involve handing over the administration to purely Chinese control since the Chinese represent more than 95 per cent of the population. Such a method would not be any more welcome to the Chinese business community than it would be to the foreigners. Representation on the basis of taxation paid would also probably involve a Chinese majority on the Council. A more practicable scheme was suggested by Shanghai members of the round-tables in the form of some electoral device based upon rate-paying, combined with an agreed increase in the number of Chinese to be elected, rising in stages to perhaps half the Council as at Tientsin and Hankow, and thereafter to a proportion based upon the proportion of rates paid.

It was suggested by a leading Japanese member that, relatively to the pressing problems of tariff autonomy and extra-territoriality, the question of the administration of the foreign concessions was a minor one from the Chinese point of view, and one on which China could well afford to concede assurances which would conciliate the foreign community while safeguarding the essential principles of Chinese national sovereignty. It was argued that, to the foreigner, security in these concessions was all important, and that in order to establish the larger principle of sovereignty, China could well agree to such transitional arrangements as would give assurance of this security. Such arrangements providing for maintenance, over a period, of existing administrative efficiency, together with a gradual scheme of transition to Chinese control, would not be unwelcome to the very substantial Chinese vested interests also. They would conserve what is admittedly a valuable element in China's economic and administrative life at the present critical juncture.

As argued in the preceding chapter, however, the nearer approach of the time when extra-territoriality must be abolished makes it imperative for the foreign community as well as the Chinese to give serious consideration to the future of the settlements and concessions after the abolition of extra-territorial privileges.

It was agreed by foreign and Chinese experts that, with the abolition of consular jurisdiction, the present administration not only of the International Settlement at Shanghai but of other foreign concessions in China would automatically become difficult if not impossible. Separate agreements would be necessary in each case either for the rendition of the concessions to complete Chinese control as at Kiukiang, or to a joint Sino-foreign administration as at Hankow, or to some other authority devised to meet the particular circumstances of the area concerned.

The Legation Quarter at Peiping has, ever since the Boxer rebellion, been controlled by a commission nominated by the diplomatic body.[16] The Quarter has privileges extended beyond the customary ambassadorial ex-territoriality. The area is larger than the embassies it contains, is fortified, and has some residents who are not under Chinese governance. Chinese opinion regards the time as ripe for a reversion to the accepted status of embassies under international law.

The railway zones, particularly in Manchuria, also operate under separate treaty agreements;[17] but the abolition of extra-territorial privileges would render the functioning of those agreements so difficult as to be impossible. Abolition of extra-territoriality would therefore necessitate new agreements to work out a system of administration.

In all these cases the greater imminence of abolition throws upon foreigners and Chinese alike the necessity of considering new arrangements. When the British and American treaties come up for revision in 1930, 1932, 1933 and 1934,[18] if not before, the matter will become acute. There was general agreement that preparations should be made at an early date to study the situation with a view to cooperative action. The Powers have expressed their willingness to negotiate under certain conditions. The outstanding expression is contained in the British statements of 1926-7 outlining the policy of conciliation. Though the United States has no concessions, Chinese members pointed out that American troops appear in China at times of crisis. American members agreed that the United States was involved at least to the extent that extra-territoriality entered into the question. They believed that their government stood ready to negotiate on these matters when the time arrived.

As the British memorandum on Shanghai pointed out, there can be no permanent solution of these problems as long as the judicial and executive functions of government in Shanghai derive their authority from independent sources. The reconciliation of these divergent authorities may be effected in the meantime by mutual goodwill and tact; but ultimately they must be united. There seems no longer any expectation, even in the minds of the foreigners, that this unity can be achieved by foreign control as when the Mixed Court functioned under consular authority from 1911 to 1926. The only alternative is Chinese control and any agreement safeguarding present interests during a transitional period must be based upon the assumption that China will ultimately assume complete responsibility for the government of her own territory.

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[16] MacMurray, Vol. I, p. 282, Art. VII.

[17] Blakeslee, *op. cit.*, pp. 200–201.

[18] *Ibid.*, pp. 42–43.

2. THE PRESENT STATUS OF SHANGHAI

There was a substantial measure of agreement concerning the historical facts which have led to the present situation of the International Settlement, the French Concession and the Chinese municipality of Greater Shanghai. These facts were set out in considerable detail in the main Chinese data paper on the subject and in briefer summary in the British memorandum.[19]

The selection of Shanghai as one of the treaty ports to be opened up by the Treaty of Nanking in 1842 was due to its strategic commercial position as the main port of outlet for the rich Yangtze Valley. Even before foreign residence there was in the river a volume of shipping approximately equivalent to that of the Thames in the same period. Shanghai's destiny as a great commercial centre has been determined primarily by geographical considerations.

While Chinese and foreign members alike recognise the immense contribution which foreign initiative and capital have made to the building up of the present city, these geographical facts must be borne in mind.

> The foreign community of Shanghai, justly proud of their magnificent achievement in building up a great foreign city with an admirable municipal administration on the banks of a Chinese river, are nevertheless a little prone to magnify the extent of their achievement. They assert—and they firmly believe—that the International Settlement has been developed out of absolutely nothing at all, that before the foreigner appeared upon the scene there was nothing but a mud swamp which has been transformed by his activities into the present city of Shanghai. This it must be confessed is a slight exaggeration. The fact is that before ever the foreigners had even heard of its existence, Shanghai was the greatest trading centre in the East of Asia, and if the reports of the two foreigners who succeeded in finding their way to the place only a few years before it was opened to foreign trade are to be believed, the native shipping which at that time entered and cleared from the port of Shanghai, equalled in tonnage the shipping of the Port of London.

[19] C. L. Hsia, *op. cit.*, and a member of the British Group, I.P.R., *op. cit.*

The land that was set aside for the residence of foreigners, in accordance with the terms of the Treaty, was not by any means a mud swamp. It was, in fact, an admirable site along the banks of the river, outside the gates of the city.[20]

The recognition of this fact does not detract from the importance of the foreign contribution to modern Shanghai. It is, moreover, important rather for its future significance than for any evaluation of the past. Whatever its immediate future may be, Shanghai is destined to be one of the world's greatest ports and probably a great manufacturing centre also.

In the same way there was general agreement concerning the contribution made by the Chinese residents of the International Settlement and of the French Concession, as distinct from the contribution of the Chinese hinterland and its trade. It is true that the influx of Chinese residents in 1853-4 and again in 1860-3 was stimulated by the flight of substantial merchants and others from the rebels of those periods. The influx changed the original character of the foreign settlements and has immensely complicated the problems of administration; but it was not unwelcome to the foreign community of the time. Land values rose so rapidly as Chinese demands entered the real estate market that prosperity was greatly enhanced.[21]

The detailed history of the foreign residential areas need not be recapitulated here. One important point should, however, be stated. There is no legal difference between the foreign areas.[22] The International Settlement originally formed by the merging of the British and American settlements in 1863, is not a concession in the strict sense of the word; but neither is the so-called French Concession. The treaty basis of the French Concession is the same as that of the settlement. The land remains under Chinese sovereignty, leases are isued by the Chinese authorities through the consuls, whereas in a concession proper the whole area is leased to a single foreign power which thereupon sub-leases to individuals without reference to Chinese authorities. There are important differences of government. The International Settlement is governed by a Municipal Council elected by the foreign ratepayers; the French Concession also has a Council but the local French Consul not only presides but possesses a power of veto. This has made government simpler and adjustment to recent Chinese demands easier.

The treaty basis of the government of these areas is very slender. The provisions are vague and inadequate to give more than general validity to the detailed framework of government erected upon them. The foreign community regards the Land Regulations as a kind of charter of municipal government. These regulations were originally what their name implies, regulations for the disposal of residential, commercial and industrial sites. By a gradual process of accretion they have come to include also at least the elements of a code of municipal administration.[23] The various sets of Land Regulations culminating in the present set, promulgated in 1898, were sometimes approved by local Chinese authorities; but their validity rests in the main upon long-continued acquiescence on the part of the Chinese authorities in their practical working. Even so, much of the present system of municipal government is "a long derivation" from the regulations which are admittedly long out-of-date and badly in need of revision. As a treaty port spokesman put it, the legal basis of government was "primitive at first and remains inadequate now."

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[20] A member of the British Group, I.P.R., *op. cit.* (printed below, 356–57).

[21] Hsia, *op. cit.*, pp. 10–20.

[22] *Ibid.*, pp. 9–21.

The anomalies of this legal situation are common ground, together with the anomalous relationships between the Municipal Council, the foreign consuls, and their diplomatic chiefs and home governments. To these authorities must be added the Chinese local and central governments as interested parties in a complicated situation for which no precise legal relationships have ever been worked out. It was agreed, however, by both Chinese and foreign members of the round-tables that the problems of Shanghai are not capable of solution as a purely legal problem. They demand treatment as a set of awkward political problems.

To this large measure of agreement in the round-table discussions there must be added a general agreement of the progress already made towards the abolition of extra-territoriality and of the urgency of the administrative problems created thereby. There was no dissent either from the general principle that the ultimate rendition of all foreign concessions and settlements to Chinese sovereignty was inevitable. There was, of course, disagreement as to the time and manner of such rendition; but the suggestions made in the past for the creation of a "free city"[24] or for permanent foreign control, were recognised as outside the bounds of practical politics.

While there was some disposition on the part of Chinese members to qualify the claims made by the foreign community concerning the efficiency of the settlement as a model municipal administration, there was a broad and generous measure of agreement with the claim. The value of such a municipality, not only for its own sake as a great commercial and industrial center of economic importance to all China; but also as a model and a training school in municipal government was conceded. Its possibilities as a training school were indeed stressed both by foreign and by Chinese members, who, however, regretted that there had not been greater facilities given to Chinese to profit by its training. It was pointed out that the overwhelming majority of official

[23] *Ibid.*, pp. 8, 10–17, 27–40.

[24] *Ibid*, pp. 23–26.

positions in the municipality and particularly those of higher rank, had always been and still were filled by British subjects.[25]

The difficulties of admitting and promoting Chinese members in the various services were pointed out. Efficiency demands long practical training and it was contended that the technically qualified Chinese, mostly returned students, were not content to accept subordinate posts and work their way up by seniority. The number of good positions is strictly limited and there has recently been a demand for the admittance of other nationals than British and Chinese. When a Chinese assistant-commissioner of police was appointed a Japanese was given a similar post. This is a process which cannot be continued indefinitely.

Another problem upon which a substantial measure of agreement was evident was the extra-legal status of the municipal roads outside the settlement.[26] This problem has arisen from the perennial pressure of increasing population upon the limited areas under the Council's jurisdiction. The original area set aside for foreign residence was only 150 acres. Extensions were granted at various times between 1848 and 1912; but the growing sentiment of nationalism caused the refusal of a request for further extensions in 1915. Even earlier, in 1906, there had been strong local opposition to the survey of a considerable area which the municipal authorities were anxious to add to the settlement. Since 1915 the extra-settlement roads have been greatly developed. There has been constant friction concerning them at least since 1905 when the Council began the tactic of acquiring the titles to land and building roads out to parks beyond the settlement limits, in accordance with a provision in the Land Regulations of 1898.

As houses are built along these roads the supply of municipal services such as water, drainage, telephones, etc., has been made contingent upon payment of rates fixed at 2 per cent less than the rates paid within the settlement proper. Since 1926 the roads have been policed also, so that the original right to build a highway to the parks has been extended to include the important governmental functions of taxation and police.

In this, as in so many other problems relating to the administration of Shanghai, the legality of the situation is less important than the practical issues involved in handling a difficult problem. It is obviously impossible for the Chinese government to assent to the indefinite extension of the processes that have been going on. It would be all but impossible to set limits to the encroachments on Chinese sovereignty that might result. On the other hand the international settlement has burst its narrow limits and is still growing. The forces of economic development will not stay for political discussion.

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[25] *Ibid.*, pp. 127–130.

[26] *Ibid.*, pp. 94–114.

The whole situation in regard to the extra-settlement roads demonstrates the conception that emerges more and more clearly of the need for administrative unity throughout the whole metropolitan area. This conception is common ground to the Chinese and foreign communities, though opinions differ concerning its formation and control.[27] It has indeed been borne in on everyone familiar with the situation that the main problems of government involve close cooperation between the authorities of the three municipalities. The organisation of a Chinese municipality of Greater Shanghai is intended as a step towards a still greater Shanghai in which the International Settlement and the French Concession will play an important part.

While agreement on the several points outlined above is not complete or unanimous, a noticeable bridging of the differences between representative spokesmen of the Chinese and foreign communities is apparent in the last two years. With this fact in mind, the round-tables turned to discuss the differences between the two main points of view. These were represented by prominent residents of Shanghai, Chinese and foreign, so that both the Chinese grievances and aspirations and the foreigners' reasons for opposing rendition were adequately stated. Two qualifications should perhaps be made. There is on either side a more extreme point of view—Chinese radical opinion pressing for immediate and complete rendition, and foreign stand-pat "diehardism." One of the main facts that keeps moderate opinion apart despite the fairly large measure of agreement is the fear on both sides of the extremist elements. With this goes a feature common to all intense political controversies, the habit of branding all one's opponents as extremists, so that every Chinese spokesman tends to be regarded as a "rabid nationalist agitator" and every foreigner as a "diehard".

In discussions of such matters of opinion also, much depends upon tone and gesture, reserves and reticences may be more eloquent than the words spoken, and members holding strong opinions may be much more frank about them in private conversation than in the round-tables. Still more, when they escape from the detached non-controversial atmosphere of the round-tables and come once again under the influence of their home constituencies, their moderation of statement and willingness to look at the other side of the case may tend to disappear. It is peculiarly difficult therefore to present a statement of the round-table exchanges of opinion which shall be anything more than an accurate record of the main points actually raised. No printed record can reproduce the nuances of discussion or the atmosphere of the round-tables.

The Chinese demands for further steps to be taken towards rendition are based partly upon the sentimental political ground that the existence of foreign settlements independent of Chinese governance is an interference with and an affront to Chinese sovereign rights. Sovereignty, it was pointed out, is a vague conception that may mean everything or nothing. The word "control" is also a source of difficulty since it conveys different ideas to Chinese and foreigners when used concerning the transference of control of the settlement. It may mean the ultimate power of policy decisions on broad general political problems combined with a considerable delegation of municipal powers to an administrative corporation. Or it may mean complete detailed control by Chinese authority. There is need, therefore, for precise definition of functions in any discussions of rendition.

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[27] *Ibid.*, pp. 153–167; also a member of the British Group, I.P.R., *op. cit.* (printed below, pp. 365–67).

Apart from the general question of sovereignty, the Chinese feel that in the practical situation that exists at present in Shanghai they have real and legitimate grievances which have the cumulative effect of placing them in the position of an inferior caste in their own country. This situation naturally arises from administrative acts of the Municipal Council. The humiliation of personal search which has to be submitted to by all Chinese, irrespective of status, who cross certain boundary points is a case in point. Every Chinese can give examples from personal observation, if not experience, where the police have been gratuitous and officious in petty interference with Chinese who were unwittingly transgressing some minor ordinance. Such incidents have psychological importance beyond their origins.

There are more substantial matters also charged against the administration. The greater part of its revenue comes from Chinese sources and Chinese form the overwhelming majority of the population; but there is inadequate provision for their needs. Specific cases were cited of the lack of schools for Chinese children, the dominantly foreign character of the library, the inadequate provision of parks, and of hospitals.[28] In all these matters the historical explanation is obvious. The Settlement has been regarded as a foreign settlement. Provision has been made from municipal funds for such amenities as parks, and for social services like hospitals, library, music and schools. These have, however, catered primarily to the foreign community. The Chinese residents, conscious of providing a large part of the revenue so spent, now demand a greater consideration, particularly in regard to the schools.

It is a difficult problem for the municipality. There are at least 200,000 Chinese children of school age in the settlement, to cater for whom would mean a large capital expenditure and a steadily expanding annual budget as well as the creation of a difficult organisation. There exist two or three schools at the present time mainly for vocational purposes. The inauguration of a thorough system of education is so vast a problem that the Council has recoiled from it. The same situation exists in some degree in respect of the social services. A complete park system adequate to cater for the needs of a great metropolis is expensive and needs town-planning of a high order. Public health and hospital services are equally expensive. The gradual provision of such modern facilities for communal life will undoubtedly demand local taxation of much greater degree than any that has existed in the past.

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[28] Hsia, *op. cit.*,, pp. 119–137.

There is latent in this situation also a conflict between democratic demands and the reluctance of an economic oligarchy to meet their cost. Already there is criticism of the Council's administrative policies in the public utility services as being too commercial. The sale of the electrical services to a foreign corporation was attacked as proving that the Council thought of the interests of the rate-payers rather than the interests of the consumers or the future of the city. There are not wanting other signs that the consumers will press for policies involving cost to the rate-payers.

This is indeed, one of the main fears of the foreign community, the fear of perfectly legal but economically unreasonable taxation, both central and local, if the abolition of extra-territoriality caused the concessions and settlements to revert to Chinese governance. It was for this reason, as well as for social stability, that many foreign members felt that a rate-paying basis for the administration, with agreement concerning the number of Chinese members, was essential.

In regard to police protection Chinese members drew attention to the frequency of kidnappings and crimes of violence in the Settlement. The explanation given was that for the most part these were due to unemployed soldiers preying upon the substantial Chinese merchants who sought refuge in the foreign areas. Detection is difficult owing to the reluctance of the Chinese concerned to prosecute for fear of further victimisation. The close connection of the settlement with the contiguous Chinese areas also made it difficult to secure adequate police control. The personal search to which Chinese residents object is designed to check these offences, mainly in the interest of the Chinese residents themselves.

There is, besides, a whole range of political questions which arise out of the lack of coordination between the police controls of the three administrative areas. A procedure exists whereby Chinese criminal offenders may be handed back to the Chinese police if they take refuge in the settlement. But the foreign concessions have afforded the right of asylum to political refugees. Many of China's revolutions and civil wars have been hatched in these areas. Every Chinese government naturally objects to the protection of its opponents; but if its members too have to seek asylum they normally do so in the foreign areas. This is probably a transitional phenomenon which will disappear as the central government becomes stronger and constitutional means are devised for giving vent to properly organised opposition.

Apart from these political complications the suggestion was made that the foreign settlements offered an obstacle to economic regulation such as might be provided by factory legislation. It is true that within the International Settlement foreign factories exist, entrance to which can be gained by the municipal police only upon a warrant countersigned by the consul concerned. It can be stated that, in practice, these factories are a law unto themselves; but foreign residents resented what they regarded as a purely fictitious argument built on such statements. The foreign factories, they contended, were in fact far better organised, paid higher wages and provided better working conditions than the Chinese factories. In their view the contention that their existence held up factory legislation in China was absurd.

In addition to the point of view of Chinese and foreigners resident in the treaty-ports, there must be considered also the attitudes of the Chinese government and public opinion and also public and official opinion in the foreign countries concerned. Chinese opinion outside of Shanghai tends to be more radical and insistent upon the recognition of national sovereignty.

In this connection Chinese members reported a sobering of Chinese opinion in recent years and in particular a growing tendency to the acceptance of foreign cooperation. An increasing disposition to look to the League of Nations as a useful means of achieving international cooperation and adjusting international conflict is part of this tendency. On the other hand, a substantial revolutionary movement still exists and is active in China. It is at the moment definitely in opposition and subject to governmental suppression. The present government represents a moderate attitude in foreign affairs.

Attention was drawn, however, by some members of the Japanese group to the definite teaching of "anti-foreignism" in schools, to the activities of semi-official organisations for the prosecution of anti-foreign agitation, and to the use of political pressure in such anti-foreign practices as boycotts. It was contended that such practices created a situation which frustrated any possibility of reciprocal confidence and cooperation. In commenting on such a Japanese statement, a Chinese member quoted the proverb that "medicine though bitter to the taste, is good for the body", and went on to welcome criticism which revealed sources of foreign distrust and irritation.

The public opinion of the foreign countries, in so far as it is cognisant of the situation, tends, particularly in Great Britain, to be restive concerning the cost of military intervention. A British member pointed out that the overburdened taxpayer in Great Britain was apt to feel that he was paying a heavy price for the protection of outlying British interests whose connection with his own was somewhat indirect. It was pointed out also that over the municipal policies which at any moment might result in crises calling for expensive military measures of protection the British government through its accredited diplomatic and consular representatives had only indirect influence. The example was cited of the rejection by the Municipal Council of the findings of the commission set up by the diplomatic corps to enquire into the incident of May 30, 1925.[29] Spokesmen of the foreign community regarded the recommendations of the commission as an unwarranted interference with the local autonomy of the Municipal Council under the Land Regulations which they regard as a charter of municipal government. The situation is clearly anomalous and cannot be expected to continue long in its present state.

The case of the foreign community in Shanghai is based entirely upon practical expediency. There is at the bottom of the whole situation a divergence of viewpoints and some incompatibility of temperament. The dominantly British community takes an opportunist, pragmatic view of the problems, is less interested in legal justice than practical efficiency, in abstract principles than temporary solutions. Moreover, as a Chinese member pointed out, the British tradition for centuries has inculcated a code of rigid observance of social and political rules of conduct whereas the Chinese civilization which is even older, has developed a looser, less organised and rather happy-go-lucky attitude in regard to personal and governmental affairs.

The foreign residents of Shanghai, proud of their settlement, contrast it with the inefficiency they see in surrounding Chinese areas. They fear that the Chinese will not be satisfied with anything short of complete rendition which to their mind would cause chaos. This point of view is well expressed in the following statement:

> For eighty years Shanghai has grown up under its present administration. Now there is a great modern city containing enormous financial interests. The great problem with which the foreigners in Shanghai are faced, is that the Chinese will be satisfied with nothing less than complete rendition. It has been put forward so as to appear that they desire immediate rendition instead of leaving it to a gradual process. The land regulations provided for Shanghai what ordinary charters provide for an English or American city.
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> In all these years the Chinese have made no attempt to profit by the example of the international settlement to reform their own city. In that city the Nanking government appoints a mayor. His powers and duties are in no way prescribed. The Chinese residents have no say at all in the administration. It is entirely autocratic. There has never been any taint of corruption in the international settlement of Shanghai. The same could not be said of any Chinese city. The foreign residents of Shanghai, seeing the way the Chinese city of Shanghai and other Chinese cities are administered, fear for their own city if it should come under Chinese control, before the Chinese are sufficiently educated in municipal government. The residents of Shanghai realise that extrality must go and with that foreign administration. We want to find some practical method of effecting

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[29] *Ibid.*, pp. 131–137.

the change slowly and gradually to safeguard life and property. Great chaos would result from too rapid a change and the great work of Shanghai might be undone.

This fear of premature rendition is reinforced in detail by fears of heavier taxation, of interference with the judicial administration, of deterioration of services. Assurances providing for a transitional continuance of some modified form of the present administration, connected possibly with the extension of such an administration to cover the whole metropolitan area, would go far to allay these fears. Chinese contended that in many ways the foreigners were now privileged, were exempted from certain taxes paid by Chinese, and must in any case expect higher taxes as China is modernised. The foreigners in Shanghai, in this as in the similar situations regarding the roads, police powers, etc., urge that the situation must be accepted as it exists without quibbling about legal origins, that recriminations about legality are futile and that any sudden drastic changes would be foolish in the extreme from the point of view of Chinese as well as foreign interests. Some doubt was raised as to the practicability of obtaining real assurances of security, even if such assurances were included in treaties. The foreign resident who had settled down to the old regime finds it hard to make the violent adjustments of attitude necessitated by a swiftly changing situation. Much that he had regarded as fixed and valuable has already been swept away. In the process he has often been involved in heavy loss and there seems little security against further losses. It is a difficult situation in which to be placed and one the acceptance of which requires a degree of imagination and self-sacrifice hardly to be expected in what is dominantly a hard-headed business community. It was pointed out by Chinese members that no confiscation has been contemplated, that the principle of compensation has already been laid down at Hankow and Tientsin. It was contended also that, after temporary disturbances no greater than were to be expected, both these areas have settled down to orderly government. Such facts, however, hardly meet the psychological attitude of a foreign community which has grown up and adapted itself to an order which is rapidly disappearing.

3. PROPOSALS FOR ACTION

In view of the progress made towards extra-territoriality, of the gradual consolidation of the Chinese government, and the relative success of the policy of rendition as far as it has gone, it is not surprising that there are many suggestions mooted for further progress along these lines. The time seems more ripe for Sino-foreign cooperation. The hard feelings of a few years back have been moderated. With some difficulty ways and means are being found whereby the foreign residents can cooperate with the Chinese in the new order. There is a more accommodating attitude on both sides. While these facts seemed to be generally agreed, the influence of the Shanghai atmosphere still troubled many of the members. It was a leading spokesman of the treaty-port point of view who most stressed the necessity for getting the problems out of the political atmosphere of recrimination over past grievances on both sides. In such statements there was evident a desire to make practical progress on the specific issues that are outstanding without overmuch wrangling concerning the larger political problems involved.

The number of proposals mentioned in the round-table discussions was in itself significant. All of these proposals were simply reports of suggestions made in different responsible quarters, Chinese and foreign. The number of such suggestions and the variety of their origins indicate that many minds are at work seeking a way out of the present situation. There was no effort on the part of any of the round-tables to elaborate any of these suggestions or to do more than pass them in review as evidence of a changing situation.

The moderate Chinese attitude was well stated in the proposals with which the main Chinese data paper concluded.[30] These proposals were essentially based upon a reconciliation of the Chinese demand for immediate assertion of the principle of rendition with the foreign demand for assurances of continued efficient administration. They presumed local negotiations placing the election of the Council upon some electoral basis, closer cooperation between the various municipalities leading to the inauguration of a metropolitan government within ten or fifteen years, and the replacement of the inadequate land regulations by a new constitution. These changes, it was suggested, could be brought about after local negotiations had reached agreement, by a mandate of the Chinese government, the powers being notified at the same time, but not complicating the local negotiations by diplomatic participation.

Such proposals as far as their broad outline is concerned would appear to fit very well with the programme of negotiation upon specific issues with local authorities laid down in the British memoranda.[31] It might be a necessary precedent to take up again the more concrete specific issues such as the situation of the Provisional Court at the expiry of the agreement on December 31, 1929; further steps in the representation of Chinese interests on the Council; and the situation regarding the extra-settlement roads. Preliminary discussions of these issues were going on at the time when the rendition of the Mixed Court was arranged in 1926. Other matters on which it has been suggested that progress might be made are the admittance of more Chinese into administrative posts, and the development of closer cooperation between the public services of the three councils, possibly by interchange of staff or by consultation.

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[30] Hsia, *op. cit.*, pp. 153–157.

[31] Whyte, *op. cit.*, pp. 49–65, especially art. 6 of the measures for treaty modification communicated to the Chinese authorities on January 27, 1927.

There seemed a general feeling among the round-table members that some further step should be taken. Chinese members suggested that if the Council was not able to move, public opinion would before long force the Chinese authorities to do so. The desirability of local negotiations was stressed by some foreign members who mentioned the analogy of the Hanse merchants in England in the late mediaeval period. These foreign merchants held their privileges direct from the King of England and it was suggested that a negotiated agreement between the foreign settlement and the Chinese authorities might be more easily achieved directly than by the use of diplomatic channels of negotiation. Such local negotiations are admittedly difficult and are apt to be complicated by political issues; but they were not deemed impossible.

The suggestion came from a treaty-port source that a commission of neutral and impartial experts should be set up to study the whole question of the future metropolitan organisation. Such a suggestion arose also in the round-table discussion of the 1927 conference.[32] The essence of the idea is to make progress by separating the administrative problems from the political. The situation should be studied first as a problem of government without regard to political problems, a problem of how best to organize the public services of a great metropolitan area. The experience of the League of Nations was cited in support of this method of approach. The secretariat of the League has made progress in some very complicated and difficult problems by the device of using an expert study-commission to analyse the non-political aspects of the problem before the plenipotentiaries are called upon to decide the political issues. The importance of this method is that the political disagreements cannot wholly block progress. A ground-plan of agreement can be reached by scientific analysis. This may later need to be modified for political reasons; but it necessarily provides a practical basis of ultimate solution.

Some Chinese members demurred at first to the suggestion, regarding it as a time-honored device for postponing action. They pointed out the insistence of Chinese opinion upon immediate rendition; but agreed after discussion that the detailed working out of new agreements could only be accomplished in some such way. One device suggested as worthy of consideration, particularly for its influence in reducing political pressure on the administration, was some form of the City Manager plan which is common in American cities.

A further proposal which has been made from several quarters at different times is that a conference of representatives of the chief foreign Powers should be arranged to confer with Chinese plenipotentiaries in order to arrive at a new basis of municipal government. The feeling, however, was expressed in the round-tables that the outstanding difficulties were not between governments over broad general principles; but between the local authorities mainly on matters of detailed administration. The settlement of such specific issues was regarded as necessary before any meeting of plenipotentiaries could draw up a new charter for the settlement. The initiative, it was felt, lay in the hands of the local residents, Chinese and foreign. While no member of the round-table had any authority to commit any one but himself, it was stated that there was a good possibility of discussions being initiated in the near future.

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[32] *Problems of the Pacific,* pp. 104–105.

DOCUMENTATION

The documents submitted as data papers for the round-table discussions on this subject included many listed in the previous chapter. The more specific reference material on Concessions and Settlements was contained in:

George H. Blakeslee, *The Pacific Area: An International Survey,* "World Peace Foundation Pamphlets," Vol. XII, No. 3 (1929), pp. 44–65.

Lord Hailsham, "Great Britain in the Orient" (Opening Statement for the British Group), *Pacific Affairs,* January, 1930.

C. L. Hsia, *The Status of Shanghai.* Shanghai: Kelly & Walsh, 1929.

A member of the British Group, I.P.R., "Memorandum on the International Settlement at Shanghai" (printed below, pp. 356–67).

Treaties and Agreements with and concerning China, 1919–1929, pp. 203–215.

David Z. T. Yui, "China in the Pacific World" (Opening Statement for the Chinese Group), *Pacific Affairs,* January, 1930.

CHAPTER VI

THE FINANCIAL RECONSTRUCTION OF CHINA

QUESTIONS FOR DISCUSSION

1. What additional facts are necessary to supplement the data material supplied?
2. (a) To what extent, if any, does political stability in China depend upon economic rehabilitation?
   (b) To what extent is the political situation in China such as to make possible any practical scheme of economic rehabilitation?
3. To what, if any, extent does financial reconstruction involve some plan of international cooperation with the Chinese government?
4. If international cooperation be desired, what is the best method of achieving it?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairman of Discussions:

Archibald Rose

Recorders:

D. A. McGregor
John D. Rockefeller III
S. Uramatsu

In any treatment of Pacific problems the foreign relations of China must occupy a large place. The foreign relations of other countries in the Pacific are not usually singled out for separate treatment; but are discussed as part of the general topic of diplomatic relations. The reasons for special attention to China's position are obvious. China is emerging from a period in which her foreign relations were unequal and is striving to establish herself as a co-equal member of the family of nations. In doing so her leaders necessarily take the initiative in raising difficult problems of diplomatic readjustment.

At the same time China is experiencing the stress of a great internal transformation affecting every phase of her national life. Revolution followed by civil war is merely the outward expression of a tremendous upheaval of the established order. The international relations of a country in this condition can never be divorced from a consideration of the domestic background. The question of governmental stability enters into every foreign relationship, and governmental stability depends largely on economic and financial factors.

Moreover the circumstances under which China entered into contact with the outside world have inextricably tangled the economic and diplomatic aspects of her new development. The prime force which moved her from her self-imposed seclusion and traditional stability was the extension to her shores of the industrial revolution which transformed Europe and the western world in the nineteenth century. As traders forced their way into her ports they created the problems of tariff autonomy, extra-territoriality, concessions and unequal treaties.

> The position of the foreigner in China has brought it about that China's foreign relations have been concerned to a surprising degree with events taking place within China. One has but to turn to the diplomatic correspondence between China and any one of the foreign powers to become convinced of this. On the economic side this means that problems of increasing economic complexity have had to be dealt with by the methods of international diplomacy which were not designed to deal with them. This is true not only of matters of public interest such as the tariff, but of the rights of a foreign business corporation within China. As MacMurray has pointed out, "Matters which would elsewhere be of merely commercial character, susceptible of judicial determination in case of dispute, are in China matters of international political concern, for the settlement of which the ultimate recourse is to diplomatic action."[1]

From the political angle, this difficulty is serious enough; but the economic consequences of the situation are ultimately more far-reaching. It now appears probable that the necessary diplomatic readjustments will place China upon a footing of equality with the other Powers within a reasonably brief period of time. The problems of extra-territoriality and similar diplomatic relationships are capable of fairly easy readjustment after all, compared with the social and economic consequences of rapid industrial development. The nature and extent of these consequences, and the probable pace at which they are likely to develop was the subject of the round-table discussions reported in a previous chapter. They have provided and will provide a fruitful subject for long-continued research and discussion at many conferences.

The financial elements in China's Foreign Relations, the discussion of which forms the subject of this chapter, is part of the larger theme of industrialisation. The rapidity of economic change in China depends equally upon the achievement of domestic stability and upon the inflow of foreign investment which will come with that stability.

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[1] Remer, "American Investments in China" (progress research report, unpublished).

From another angle the financial elements in China's foreign relations are a substantial part of her diplomatic history and present problems. The well-known history of financial concessions backed by diplomatic intrigue is a classic example of what has come to be known as "economic imperialism." This fact was commented on in one of the progress research reports presented for round-table discussion.

> The relation of foreign loans to the government finance of China and to railway development has been more generally discussed than any other aspect of foreign investment, in spite of the fact that direct business investments are of greater quantitative importance. There are a number of reasons for this. The mere fact that there has been more available information about China's government loans than about business investments seems to explain it in part. A reason of greater importance is that loans to the Chinese government and especially loans for railway construction have played a conspicuous part in international rivalries in the Far East. These rivalries have been seized upon by newspapers and by popular writers. A whole romantic literature has grown up about these rivalries. They have played a part in two wars in the East and in the World War. They have given currency to such phrases as "economic imperialism", "peaceful penetration", and "conquest by railway and bank", phrases which help to explain the suspicion with which the Chinese have come to regard foreign relations of every sort. Here we touch a wide problem, the relation of economic interests to war, and to the state of the public mind which makes wars probable. The problem is not confined to China, the Far East, or any part of the world, but it may well be that a re-examination of the course of events in China will throw some light upon it.[2]

In order if possible to throw light upon this difficult problem, the round-table of the 1927 conference which discussed the problems of foreign investment in China drew attention to the lack of reliable information available and expressed the wish that further research should be conducted in this field.

The research department of the Institute, therefore, arranged for a thorough study of foreign investments in China. In doing so it followed the principle of international cooperation. An economist who has specialised in the field of foreign trade and who has personal knowledge of China was secured to take charge of the investigation and arrangements were made for him to work under the direction of the Brookings Institution which has conducted important research studies in this general field. The research contacts of the Institute were then utilised to obtain the cooperation of specialists in

[2] *Ibid.*

the chief countries concerned, so that preliminary surveys could be undertaken as a basis for more detailed study.

Such a project, however, is one that requires a good deal of time to bring to fruition. This is true because foreign investment in China tends to take different forms from that in other countries. In his preliminary survey of the problems to be faced the investigator makes this point very clear.

> A further consequence of the position of the foreigner in China is the fact that foreign investment in China has been in large measure direct investment by foreign corporations and business firms. The slowness of the Chinese to make effective use of the corporation and the nature of the Chinese government are minor factors of importance. The foreign investments of the world are in large part brought about by the purchase in one country of the corporate and government securities of another. So generally is this the case that estimates of foreign investments in Europe and America, as, for example, of American investments in Germany, frequently disregard altogether the direct investment of business firms. Such direct investments are of considerable importance in every case, but in a study of foreign investment in China they are the first item to be considered. It may be remarked, also, that direct business investments offer the greatest difficulties to the investigator for reasons which are obvious.[3]

Despite these obvious difficulties, however, the round-tables had before them progress reports and estimates of British, Japanese, American, French and German investments in China as well as a comprehensive survey by a Chinese economist, of "foreign investments in China."[4] These progress reports brought together a considerable amount of material, some of it obtained by direct questionnaires from foreign firms operating in China. Other data papers particularly a statistical study of the Chinese cotton industry[5] and a Japanese data paper on Manchuria[6] contained valuable material also. Necessarily, however, there were large discrepancies in these preliminary studies. For the most part these discrepancies appeared to be due to differences of definition and analysis rather than to inaccuracies in information. The subsequent examination of these discrepancies by the specialists concerned will point the way towards a more fruitful treatment of the subject in the later stages of the investigation. In its preliminary form, however, the material was obviously unsuitable for detailed round-table discussion, which was therefore deferred to a subsequent conference.

[3] *Ibid.*

[4] *Ibid.*, also R.I.I.A., "British Investments in China"; Howard S. Ellis, "French and German Investments in China"; Masunosuke Odagiri, "Japanese Investments in China"; and D. K. Lieu, "Foreign Investments in China" (progress research reports, unpublished).

[5] D. K. Lieu and Miss S. T. King, "China's Cotton Industry" (printed below, pp. 262–99).

[6] M. Royama, "Japanese Interests in Manchuria" (printed below, pp. 524-93).

At the present time also, it was pointed out, the extensive investigations and recommendations of the Kemmerer financial commission are not available for public discussion. At the beginning of 1929 a strong expert commission, headed by Professor Edwin W. Kemmerer of Princeton University, began work in China upon currency, banking, budget and financial reforms. The commission included many well-known American experts in these fields and had facilities for making thorough studies of the whole financial situation. The results of its studies will be presented in the form of draft legislation suitable for enactment by the Chinese government. Until these results are available to the public and the attitude of the Chinese government towards them is known, it is hardly possible to undertake any profitable discussion of the financial elements in China's foreign relations.

Included among the data papers of the Kyoto conference, however, were two which raised the issue of foreign cooperation. The first was a paper by a Chinese banker analysing the present financial situation and suggesting a possible programme for China to adopt in meeting that situation.[7] The second was a paper prepared by the research department of the Institute analysing the procedure adopted by the Financial and Economic Section of the League of Nations in making available international cooperation to various European states which faced difficulties of this character.[8] Discussion in the round-table, therefore, turned largely upon the political problems involved in securing international cooperation rather than upon the detailed economic facts of the present situation or any attempt to forecast the economic consequences of further foreign investments.

A sharp distinction was drawn in the first place between the financial problem of the Chinese government in balancing its budget and securing a stable financial position, and the much broader and more difficult problem of raising large foreign loans for needed economic development. The problem of public finance, while complicated and difficult at this stage of China's revolutionary development, is not a large problem compared with those which have been successfully faced by other countries in recent years. The budget of the central government does not balance but the deficit is comparatively small. The chief difficulty lies in the control of military expenditure on the one hand and in the collection of adequate revenue from the provincial governments on the other hand. The provincial governments are themselves in financial difficulties amounting in some provinces to chaos, and the proportion of local revenue which reaches the central treasury is small. The lack of stability in the central government also affects the financial situation by preventing revenue-earning assets, such as the railways, from being properly utilised. Interest on railway loans piles up, even though these loans are largely in default; while the railways are not only not producing revenue but are deteriorating in military hands. The lack of a properly organised civil service honestly and competently collecting and transmitting revenue to the central government is not an easy difficulty to surmount.

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[7] Wu Ding-chang, "International Economic Cooperation in China" (printed below, pp. 368–76).

[8] "Principles and Methods of Financial Reconstruction Work Undertaken under the Auspices of the League of Nations."

The position of the government in regard to its inherited obligations is a further source of difficulty. The public loans of China may be divided into several classes. The first class consists of those loans which have been secured upon the revenue of the Chinese Maritime Customs. The total amount so secured appears to be approximately $545,000,000 (gold). The exact amounts are difficult to state in terms of one currency. The Customs service has issued a special report giving an account in detail of its stewardship of the revenues applied to loan and other services since 1911.[9]

In addition to these loans secured upon the Maritime Customs revenue there are foreign loans secured upon the various railway services and the salt revenues. Most of these loans have for some years now been in default.

There are some domestic loans included in those for the service of which the Maritime Customs has assumed responsibility. In addition there is a very wholesome recent development in the adequate security and effective service of the domestic loans raised by the Nanking government. A Board of Trustees consisting of fifteen well-known Chinese bankers and business men has been created to control the sinking funds and interest payments of eleven loans recently issued upon the security of the 2½ per cent customs surtax at Shanghai. This board has met all obligations without delay or default and has in consequence raised the domestic credit of the Nanking government very substantially. Loans formerly raised at 50 can now be raised at 80 while the rate of interest has dropped from an average of 9.6 per cent to 8.4 per cent.

Besides these secured loans, both foreign and domestic, there are also some provincial loans raised from foreign sources and a considerable but not quite definite volume of unsecured national loans, foreign and domestic. A Chinese banker estimated the total public debt of China, secured and unsecured, domestic and foreign, in the neighbourhood of $3,000,000,000 (Mex.). A foreign banker, resident in China, made a similar estimate of

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[9] Stanley F. Wright, "The Collection and Disposal of the Maritime and Native Customs Revenue since the Revolution of 1911," *Chinese Maritime Customs II, Special Series No. 41* (revised and enlarged, 1927), Shanghai: Kelly & Walsh, 1927.

$1,736,000,000 secured loans, with unsecured foreign loans amounting to $800,000,000 and unsecured domestic loans totalling $685,000,000.

The unsecured loans are primarily those inherited from the Peking government. Those raised from foreign sources consist for the most part of the so-called Nishihara loans made by Japanese financiers to the northern government for political as distinct from economic purposes. The domestic unsecured loans also are a dead-weight, unproductive debt. The consolidation and liquidation of this burden of indebtedness is an outstanding problem facing the Nationalist government.

As the figures above will indicate the amounts are relatively small.[10] Under normal conditions they are well within China's capacity to care for and redeem. But under present conditions they present a serious obstacle to financial stability and particularly to the resumption of foreign lending.

The Chinese bankers and economists present in the round-table were on the whole optimistic of the prospect of China being able to meet this situation from her own resources in the near future. They pointed out that in the past there had been reckless borrowing for improvident purposes, that most of China's financial troubles were due to the loans contracted for payment of indemnities paid after the Sino-Japanese war and the Boxer rebellion, and that the outstanding unsecured loans were a legacy of the militaristic period now drawing to a close. They pointed to the progress made by the Nationalist government in stabilising the domestic loans and working out a more secure revenue basis. The negotiations for disarmament and demobilisation, it was recognised, had been temporarily halted by a series of rebellions; but hopes were expressed of further progress in this direction in the near future. They were quite clear that the initiative lay with China to inspire domestic confidence by the scrupulous service of such small loans as could be raised locally, by the consolidation of outstanding unsecured issues and the restoration of foreign confidence in China's credit.

It was recognised that this might be a long and difficult process. A Japanese expert who had intimate personal knowledge of the situation pointed out the intricacy and complexity of the problems involved. He dwelt upon the currency situation, the confusion of depreciated coinage and fluctuating exchange rates and the necessity of getting as quickly as possible to a stable gold basis. The banking situation also needed reconstruction and in particular a sustained effort was necessary to put a stop to the uncontrolled issue of paper money. The main point of the whole situation is the necessity for centralised control and for the balancing of the national budget by a permanent and stable system of control over revenue and equally over expenditure. All these facts were elementary and had been repeatedly pointed out by foreign advisers of different nationalities; but had been disregarded, perhaps of necessity owing to the weakness of the central government. In his opinion the Kemmerer commission was bound to repeat, in an up-to-date and perhaps more detailed and practicable form, the elementary truisms of sound public finance which had been laid down many times before. The whole question was the willingness and ability of the Chinese government to put this advice into practice.

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[10] The larger total estimate $3,221,000,000 (Mex.) is equivalent approximately to $1,232,000,000 (gold) or £254,000,000 at current exchange rates (December, 1929).

Other foreign members of the round-table expressed the feeling that the present government was making progress but that there was much ground still to be covered before China's credit could be regarded as restored. The stabilisation which was only possible under a strong central government was regarded as the first essential. Without it the discussion of elaborate plans for foreign cooperation in economic reconstruction and development was stated to be useless. The experience of other countries was cited as proving the necessity of providing more than adequate security, including assurance that loans would be spent for the purposes for which they were raised and that the productive assets would not be diverted from their original controls and purposes as Chinese railways have been. It was felt by some that there was disunity and some conflict of purpose not only among the various departments of the Chinese governments; but also among the various foreign advisers. Greater coordination was needed so that the plans now being made should not conflict but should be concentrated on to the central problem of re-establishing the credit of a strong central government. Efforts at premature expansion were deprecated also and the feeling was stated that there should rather be consolidation of the areas and functions now within the control of the central government.

Illuminating comparisons with the situation in India were drawn by a member of the British group who dwelt upon the similarity of the two peoples. While China's military expenditure needed to be reduced, it was less, he pointed out, than India's. India's public debt is many times greater than China's but is for the most part represented by revenue-earning assets such as canals and railways which moreover increase the productive and therefore taxable capacity of the people. The Indian community had learned the great art of budgeting, including the keeping of proper public accounts and honest auditing. It was now fast learning to abandon its hoarding tradition and to substitute therefor the investment habit. In this way enormous resources had already been liberated, first for governmental finances and, in less degree as yet, for commercial enterprises. At the base of this development, in his opinion, was the feeling of security in a strong central government which might be criticised and even reviled but did give peace, order and stability.

While there was general agreement between foreign and Chinese members that the stability of a strong central government was the indispensable precondition for the restoration of China's credit in the capital markets of the world, it was pointed out that the lack of stability may be regarded as part of a vicious circle. Some foreign members were inclined to take the point of view that Chinese authorities would not realise the foreign investor's rights, and give him security in such matters as patent rights and monopolies upon which financial assistance had been extended. While expressing a sympathetic attitude to China and hoping that the government would stabilise successfully, these members pointed out that bankers were primarily merchants.[11] As go-betweens connecting the investing public and borrowers they had no option but to demand adequate security. In the absence of such security no credit was possible. The words of a prominent member of the Consortium were quoted—"China is off our list at present." On the other hand it was stated that there was likely to be plenty of credit offering as soon as adequate security could be guaranteed for past and present loans. No banker, it was stated, liked to be put in the position of having to invoke the force of his own government for the protection of his rights in another government's territory. The attitude of the Consortium which has in fact made no loans to China since its reorganisation in 1920 was regarded as correctly interpreting the attitude of foreign financiers toward China's financial situation. That attitude was stated as one of aloofness rather than of desire to press loans upon an unwilling China.

Several Chinese members on the other hand pointed out that the lack of adequate finance and of governmental stability constituted a vicious circle. A weak government could not get financial support; but without financial support its progress towards stability was impeded. There was some difference of opinion concerning the possibility of China breaking through this vicious circle by her own efforts. Some Chinese members felt that, although the process might be slow and there might be disconcerting breakdowns in the program, there was every reason to expect that the comparatively small problem presented by the present position of the public finances could be handled as a domestic concern without calling upon foreign resources of capital or expert help. They stressed the fear of foreign control expressed by large sections of public opinion and pointed to the progress already made in the raising of the public credit within China. In particular they drew attention to the circumstances in which the Consortium originated and the fear which is widespread among Chinese publicists of the revival of "economic imperialism" if any request for assistance should be made to foreign capitalists at the present juncture. They felt that it would be impossible for any government in China to deal with a foreign banking group on the basis of hypothecation of particular revenues or concessions to construct railroads or similar public utilities.

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[11] Cf. *Problems of the Pacific*, pp. 141–144 and 443–450.

Moreover they pointed out that it was improbable that any government of China could, except under such dire necessity as they did not feel to be imminent, approach the League of Nations or any other body for financial assistance as to a bankrupt or embarrassed government.

On the other hand they stressed the desirability of international economic cooperation and the need of China for foreign capital to promote economic development. Apart from the stabilisation of government finances, there is, it was pointed out, a vast field for the improvement of transportation and the development of industries. This field of investment today is not likely to be covered adequately by Chinese capital resources and the problem is to offer adequate security for the attraction of foreign capital.

While it was recognised that the achievement of domestic stability, and the settlement of such problems as the control of revenue and expenditure and the consolidation of existing debt, would provide the bases of such security, it was urged that the sooner economic development could be promoted the easier it would be to achieve such governmental stability. A constructive program of economic development would divert interest and energy as well as resources from political to commercial industrial channels. It would also help greatly to relieve the present pressing problems of unemployment and poverty. At the present time, it was argued, there is a vicious circle in which everybody feels insecure. Such a program would develop international trade and be beneficial to foreign interests as well as Chinese. Many of its advocates, in fact, believe that this is a prior problem to that of political reorganisation. The lack of financial stability is delaying China's political unification; the traditional isolation and decentralisation of Chinese life is an obstacle to proper government. Moreover the diversion of Chinese capital to industrial development will retard the arrangement of public finances. A case was made out in this way for the immediate use of foreign capital if it could be made available.

There was some discussion of the general aspects of the possibility of using the experience of the League of Nations secretariat in the promotion of international economic cooperation of this nature. The Chinese data paper printed in this volume contained the definite suggestion that the League should be invited to consider the possibility of investigating China's financial problems.[12] While this was merely the expression of the individual opinion of the author, there was throughout the discussion on China's foreign relations, an evident disposition on the part of the Chinese members to look more favorably upon League cooperation and assistance.

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[12] Wu Ding-chang, *op. cit.*

It was pointed out that the various schemes of financial assistance undertaken by the League differed considerably. The two earlier schemes in Austria and Hungary were devised to assist governments which were faced with extremely embarrassing financial difficulties; but later schemes were undertaken where the problems were less urgent and called for less stringent administrative measures. It was made clear therefore that the machinery of the Financial Committee of the League was very elastic and adaptable. The presence at the conference of American members who had actually participated in League schemes in itself answered the question as to whether the abstention of the United States from League membership was not an insuperable obstacle to any extension of its work in the Pacific. An evening lecture by an American member describing the administration of the scheme with which he had been closely associated was valuable also in explaining the care with which the League abstained from any infringement of the sovereign rights of the state receiving assistance.

The data paper made available by the research department emphasised this point also. It was explained that no action could ever be taken except upon the request of a member-State made through the proper official channels and that as far as the discussions of any financial scheme were concerned, the state affected was automatically coopted as a member of the League Council for the time being. The procedure of investigation, authorisation and execution of the schemes of financial reconstruction so far undertaken were fully set out in the data paper mentioned.

There was a general feeling, however, that detailed discussion of this problem was best deferred until more adequate research material was available perhaps by the time the next conference of the Institute convenes in China.

DOCUMENTATION

The following data papers were available as a basis for round-table discussion. With the exception of the one noted they were, however, in the nature of progress research reports and have not been published. The research project is being conducted by Professor C. F. Remer of the University of Michigan under the direction of the Brookings Institution.

Howard S. Ellis, "French and German Investments in China."

Institute of Pacific Relations, "Principles and Methods of Financial Reconstruction Work Undertaken under the Auspices of the League of Nations."

D. K. Lieu, "Foreign Investments in China."

Masunosuke Odagiri, "Japanese Investments in China."
C. F. Remer, "American Investments in China."
R.I.I.A., "British Investments in China."
Wu Ding-chang, "International Economic Cooperation in China" (printed below, pp. 368–76).

CHAPTER VII

THE PROBLEMS OF MANCHURIA

QUESTIONS FOR DISCUSSION

1. What are the historical origins of the Manchurian question?
2. What are the treaty rights and the problems which arise in connection with the following:
   (a) Administration of leased territory (Liaotung Peninsula)?
   (b) The South Manchuria Railway?
   (c) The Railway Area?
   (d) Railway Guards?
   (e) Consular Police?
   (f) Administrative control of communications, post-office, telegraphs and radio?
   (g) Residence, trade and the right to lease land in the interior?
   (h) The construction of new railroads and ports?
3. What are the principal economic interests of Foreign Powers in Manchuria?
4. What, if any, exceptional actions not specifically provided for in treaties may be taken by a foreign government to preserve peace and to protect its interests in another state?
5. The general international aspects of railway questions in Manchuria.
6. The problem of the Koreans in Manchuria.
7. The issue over the Chinese Eastern Railway.
8. Possible solutions:
   (a) What specific proposals may be made for settlement of particular issues above discussed?
   (b) What points of controversy can be so stated as to be susceptible of treatment by conciliation, conference or arbitration?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairmen of Discussions:

Roland W. Boyden
Lord Hailsham
James G. McDonald
Hon. Newton W. Rowell

Recorders:

Frederick V. Field
Mrs. Frederick V. Field
Arthur Jorgensen
S. Matsukata
S. Matsumoto
D. A. McGregor
E. F. Penrose
Alan B. Plaunt
John D. Rockefeller III
I. Clunies-Ross
S. Sakamaki
Miss Margaret Shotwell
Miss Margaret Southam
S. Uramatsu
Miss Carol West-Watson
Mrs. Quincy Wright

I. AN INTERNATIONAL ARENA

The round-table set up at the 1927 conference to discuss the machinery of diplomatic relations drew attention to the situation in Manchuria as one where the latent possibilities of conflict were very great. There was no detailed examination of these possibilities beyond a preliminary exposition by a foreign expert who had recently been on the ground. The mere fact of three different national systems of railways converging on Manchuria was regarded as sufficient in itself, when viewed in relation to recent historical events, to warrant the view that international complications were to be feared. This was one of the chief areas of difficulty cited as giving cause for studying the adequacy or inadequacy of diplomatic machinery in the Pacific. It was pointed out that no further machinery of negotiation was available now than that which in the recent past had proved inadequate to prevent armed conflict. It was felt that the Manchurian situation was developing rapidly and dangerously and might at any time menace the peace of the Far East and of the whole world.[1]

Before the 1929 conference convened at Kyoto, the situation had in fact developed more rapidly and more dangerously than had been foreseen. Inevitably, therefore, it came to occupy perhaps the major place in the conference discussions, three days being given up to detailed round-table discussion of its various aspects. Incidentally it may be remarked that this was made possible by the deliberate decision of the Japanese Council which was the host of the conference. Japan's interests in Manchuria are almost universally regarded by her people as vital to her strategic safety, her national honor, and her economic life. It was therefore a bold decision to invite a conference including powerful critics of Japanese policy to discuss with frankness and fullness and upon her own soil, Japan's most difficult and dangerous international problem. The whole subject was opened up for discussion, elaborate preparation had been made by each group concerned, and as the questions printed above will indicate, no aspects of difficulty were reserved as too delicate for the round-tables to enter upon. There were not wanting prophets of disaster; but those most familiar with the Institute's procedure were confident that it could stand even this acid test. The results warranted their confidence. There were occasional moments of tension and some very plain speaking took place; but no member represented any one but himself, there was no attempt to fight for national positions and still less to seek advantages or positive results. Rather did it become clear that those most concerned were seeking the critical opinions of those who most sharply disagreed with them. No clearer example could be given of the round-table conference method. There was free exchange of opinions and attitudes. Private citizens of different countries sat down to examine and enter into each other's points of view on controversial questions, seeking to understand rather than to reconcile divergent attitudes. There were no attempts at solution, no plans for action and no diplomatic manoeuvring. It is true that, as this summary will indicate, various members brought forward for consideration various schemes for conciliation machinery; but these were private suggestions and the Institute adhered steadily to its policy of discussion without action.

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[1] *Problems of the Pacific*, pp. 177–180.

In one important aspect, indeed, the discussions were handicapped. The Pacific Council had sent an invitation to the Society for Cultural Relations with Foreign Countries (Voks) at Moscow to participate in the conference at least by sending a party of observers to sit in the round-tables. This invitation had been emphasized by members of some of the groups who journeyed to Kyoto via Moscow and the trans-Siberian railway. An observer was finally designated to attend; but did not feel free to participate in the discussions though full opportunity to do so was afforded him. It cannot be said therefore that the interest of the U.S.S.R. in the Manchurian situation was fully represented.

The Three Eastern Provinces of the Chinese Republic, known to the outside world as Manchuria, consist of a vast region nearly as large as France and Germany combined. This territory remains one of the most valuable of the undeveloped frontier regions of the world. It has large agricultural, mineral and forest resources hitherto little utilised. Recent progress has demonstrated the value of these resources. Modern transport, commercial organisation and capital investment, combined with comparative stability of government have caused rapid economic development which promises to continue and be cumulative.

On three sides of this region there exist great masses of people who for centuries have been confined to inadequate territorial resources. Within the last two or three generations the industrial revolution has reached Asia. It has begun to disintegrate the traditional civilizations of the Far East, to unsettle the agricultural order which for centuries has chained the people to their ancestral homes, and has, moreover, provided the incentive and the means for them to migrate and to exploit new territories. When, beginning in 1896, Russian enterprise ran railways across and through Manchuria in the form of a gigantic T, a new era of international development began.[2] After the Russo-Japanese war of 1904-5, this railway system was linked in the south-east to the Japanese railways running through Korea.[3] British capital had in 1898 built a line from Shanhaikwan north of the great wall to Hsinmintun. This line was connected with Mukden by the Japanese building a light line during the war. In 1907 the line was handed over to China and reconstructed.[4] In more recent years (1925–9) this completed line from Peking to Mukden has become the nucleus of an extensive Chinese railway network in the south-west.[5] These developments of transportation have made access to Manchuria possible for the dense populations of Russia, China and Japan.

In an evening lecture stress was laid by a foreign economist upon the fundamental importance of the three converging pressures of population upon this frontier land of undeveloped resources. Behind these pressures lie great fecund peoples whose increase cannot be checked for generations to come. The recent mass movement of Chinese farmers from Hopei and Shantung to the virgin lands principally of northern Manchuria provides a dramatic illustration of these pressures.[6] In one year alone (1927) more than a million and a quarter Chinese entered this region from the south, of whom approximately 60 per cent remained for permanent settlement. Theirs was a primitive migration. They brought with them little capital beyond their own skill and energy, and their efforts have been mainly directed towards the breaking in and cultivation of virgin lands in the river-valleys of the north. Wherever the railways have opened up communication these new settlers have followed in large numbers. A similar migration of farmers from Korea has been proceeding also and has provided a troublesome minor element in the international complications of Manchuria.[7]

The eastward expansion of the Russian people goes on steadily, very little affected fundamentally by changes in government. The ever-growing natural increase of the peasant population spreads steadily across Siberia towards the sea. The necessity for an ice-free outlet for the trade of Asiatic Russia was the first cause of Manchurian railway development. There seemed no doubt in the minds of expert observers, particularly the Japanese, that this pressure of population would continue to increase and that in the comparatively near future a denser Russian population would jostle the Chinese immigrants all along the borders of Manchuria from Mongolia north and east to the Pacific seaboard.

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[2] For the historical background of these developments see C. Walter Young, *The International Relations of Manchuria* (Chicago University Press, 1929), pp. 3–43.

[3] *Ibid.*, pp. 54–92.

[4] *Ibid.*, pp. 67–69.

[5] *Ibid.*, pp. 278-282.

[6] C. Walter Young, "Chinese Colonization and the Development of Manchuria" (printed below, pp. 423–65).

[7] M. Royama, "Japanese Interests in Manchuria" (printed below, pp. 573–75); also Chu Hsiao, "Manchuria" (printed below, pp. 380-422).

From Japan, which has perhaps the most acute pressure of population upon limited resources,[8] there comes a movement different in kind, but forced by essentially the same pressure. Comparatively few Japanese farmers have taken up land in Manchuria. Many reasons were given for this. Land is difficult to obtain under present political conditions, the climate is severe, farming methods are different and commercial possibilities more attractive. Japanese progress in Manchuria has taken on the modern form of capitalistic development in transportation, mining, commerce and finance. Japanese residents are few; but capital investments are large and the trade of Manchuria feeds into the weakness of Japan's domestic organisation.

In Manchuria, therefore, there is not only a convergence of three great population movements; but also a remarkable illustration of the varied stages of economic organisation from primitive agriculture to high finance. Manchuria is in fact an epitome of economic history. It is not possible to ignore these facts, nor to shut one's eyes to the power of what a Japanese spokesman called "the blind forces of history". Manchuria is destined to be the meeting place of great converging economic developments and any discussion of the difficult political problems of the present day must take these factors into account.

Moreover, as another evening lecturer pointed out, the Manchurian problems, like most situations of international difficulty today, present a conflict between political and economic conceptions and forms of organisation. The extension of international trade into international investment is being rapidly followed by international economic organisation transcending political boundaries. Manchuria is important not only to the three powers most concerned, but to the world as a whole. The traders and bankers of many countries covet a share in the newly created wealth that flows from the rapid development of hitherto unexploited resources. The "Open Door" policy, so important in Manchuria and China generally, springs from this fact. It has reference not only to trade and commerce; but to financial opportunities of capital investment.[9]

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[8] S. Nasu, "Land Utilization in Japan" (to be printed separately).

[9] C. Walter Young, *International Relations of Manchuria*, pp. 246–250.

The time has gone by also when any of the Powers can afford to watch with equanimity the development of a situation of conflict anywhere in the world. The day of local wars is probably ended. Every local conflict now is a potential menace to world peace. There is a sense therefore in which the problems of Manchuria are problems of strategy. In this connection it was argued that the military aspects of strategy while remaining important, are now overshadowed by the shifting of political alliances and still more by industrial and economic factors of preparedness. All of these factors are actively present in Manchuria. In a military sense the region is a buffer between the Japanese, Russian and Chinese state systems. All three peoples have some fear of invasion striking them through Manchuria. Exponents of the Russian case point to the ease with which Japan could strike quickly through Dairen, Harbin and Vladivostok. The Japanese on the other hand have the deep sentimental feeling that Korea has been a dagger pointed at the heart of Japan and protection of its frontiers is therefore a vital necessity for them. To China, Manchuria is a historic route of invasion.

All these fears and the precautions based upon them are derived from the historic national rivalries of the Orient and presuppose the continuance of highly organised nation-state systems of government. It was pointed out that re-groupings of political alliances form a major element in strategy of this sort, that the substitution of the Washington Four-Power Pact for the Anglo-Japanese Alliance changed these groupings almost over-night.[10] It was argued also that at least a beginning has been made in the development of international cooperation and the formation of rudimentary organs of international law and justice as a substitute for armed strategy. The point was further made that the trend of historical development was towards the breaking up of great aggregations of political and military power into smaller units of government while at the same time economic organisation crosses national boundaries in ever larger aggregations of financial power. The substitution of a Union of Soviet Socialist Republics for the former Russian Empire was cited as one example of this tendency, the break-up of European empires into smaller states was another illustration. It was pointed out, however, that even if this tendency should prove to be permanent, the very examples cited might serve to indicate another potential area of conflict between two opposing systems of economic organisation—the proletarian and the capitalist—and that these would meet more dangerously in Asia than elsewhere.

Such discussions were admittedly speculative though not the less important for a full appreciation of the situation. The economic and industrial factors in strategy on the other hand are by no means speculative and these form a very real element in the Manchurian situation. For Japan particularly, access to such raw materials as coal, iron and timber, to assured sources of foodstuffs, to a growing market for the produce of her manufactures, and to the profits of capital investment are as vital to her powers of defense as they are to her economic prosperity.[11]

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[10] *Ibid.*, pp. 240–241.

The problems of Manchuria are, therefore, complex. They present in a new area of striking and even dramatic development, all the problems of international intercourse which a modern world is groping to control. If economic necessities can be reconciled with national sovereignty, international cooperation with national security, population pressure with peaceful intercourse, a large part of the common problem confronting all nations will have been solved in one area at least.

That these are not unreal factors in the situation may be judged from the frequent invocation both in round-table discussions and in practical statesmanship of the principles of the Pact of Paris, as they bear on the recent dispute between China and the U.S.S.R. over the Chinese Eastern Railway. China, the Soviet Union, Japan and all the other Powers concerned with Manchuria, are signatories to the Pact which renounces war as an instrument of policy. Yet disputes arise and are bound to arise. The invocation of the Pact may serve to mobilise a rather vague public opinion against the use of war as a means of settlement; but there exists as yet very little peaceful machinery for the settlement and less for the prevention of such disputes.[12] Manchuria offers one of the best possible illustrations of the necessity for such machinery being devised if conflict is not to lead again to world-war.

In view of the importance and delicacy of the situations to be discussed the various groups concerned made special efforts to gather together all the information necessary for an understanding both of the immediate issues and of the fundamental economic and political factors underlying them. In accordance with the policy of the Institute, the research committees of the various National Councils concerned arranged for specialists to prepare studies on various aspects of the problem. In many cases, notably the Japanese study, these were made the basis of long-continued discussions in the groups concerned, so that they formed an essential part of the Institute's program of education as well as research.

The China Council presented two main research studies. The first was a statement of the recent political history of Manchuria written from the Chinese point of view and expressing the Chinese case for the resumption of complete political sovereignty over the Three Eastern Provinces.[13] The second was a concise statistical statement of the economic factors in the problem.[14]

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[11] Royama, *op. cit.* (printed below, pp. 578–84).

[12] George H. Blakeslee, *The Pacific Area,* pp. 131–138.

[13] Shuhsi Hsu, "The Manchurian Question" (printed below, pp. 466–523).

The Japanese study dealt with both economic and political problems[15] and was supplemented by an address delivered during the conference by a Japanese expert who has had long official experience in Manchuria.[16] The Royal Institute of International Affairs arranged for the preparation and publication of a survey of the diplomatic history of this region by a former official of the British Consular Service.[17] This concise survey was admirably supplemented by a detailed analysis of the treaty relations of the various powers in Manchuria presented by the American Council.[18] The author of this volume also contributed a detailed study of the recent Chinese immigration into Manchuria.[19]

These documents, prepared beforehand as part of the Institute's research program were supplemented during the conference by other papers listed at the end of this chapter.

2. THE CHINESE EASTERN RAILWAY DISPUTE

While Sino-Japanese relations occupied most of the attention of the round-tables the imminence of armed conflict between China and the U.S.S.R. naturally aroused a good deal of interest. Discussion was handicapped by the absence of a fully representative Russian group prepared to explain the Soviet point of view. Several members of the round-tables had travelled through Moscow, and others had visited Harbin in order to get first-hand knowledge of the situation; but there was no direct presentation of the Russian case.

The origins of the Chinese Eastern Railway, together with the treaty rights on which its construction was based, were adequately described in the main American data paper.[20] The same volume also contained an introductory chapter reciting the events which led immediately up to the Sino-Russian crisis in 1929.[21] The facts therefore were not in dispute, though there was naturally some difference of interpretation.

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[14] Chu Hsiao, "Manchuria: A Statistical Survey of Its Resources, Industries, Trade, Railways and Immigration" (printed below, pp. 380–422).

[15] M. Royama, "Japan's Position in Manchuria" (printed below, pp. 524–93).

[16] Y. Matsuoka, "An Address on Manchuria: Its Past and Present" (printed below, pp. 594–607).

[17] Sir Harold Parlett, *A Brief Account of Diplomatic Events in Manchuria.* Oxford University Press, 1929.

[18] C. Walter Young, *The International Relations of Manchuria.* Chicago University Press, 1929.

[19] C. Walter Young, "Chinese Colonization and the Development of Northern Manchuria" (printed below, pp. 423–65).

[20] C. Walter Young, *International Relations of Manchuria,* Part I.

The Sino-Russian treaty of alliance of June 3, 1896, included an article granting the Russian government the right to construct a railway across northern Manchuria so that the trans-Siberian line might make a short cut direct across Chinese territory from Chita to Vladivostok. The treaty of alliance itself was secret since it provided specifically for armed intervention against Japan.[22] The reason given for the construction of the railroad was strategic—"in order to facilitate the access of the Russian land troops to the menaced points."[23]

In 1896 the Chinese government had been loath to consent to the construction of a line south from the projected trans-Manchurian line to Vladivostok. Two years later, however, it agreed to the construction of such a line from Harbin to Talienwan (Dalny in Russian, Dairen in Japanese). The completion of this line provided Russia with an ice-free port within striking distance of Japan. At that date Korea remained an independent kingdom and was torn by factional strife. The Japanese government was greatly alarmed at the threat to its strategic security and, fortified by the Anglo-Japanese Alliance of 1902, opened the question with Russia, the failure of the subsequent conversations resulting in the Russo-Japanese war of 1904–5.

By the Treaty of Portsmouth which ended this war Japan succeeded to the Russian rights in the Chinese Eastern Railway as far north as Changchun and including the lease of the Liaotung Peninsula (Kwantung) on which she later developed the modern port of Dairen.[24] The subsequent annexation of Korea in 1910 secured a Japanese frontier on the mainland, and the building of a line connecting Mukden with the Japanese railway system in Korea gave

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[21] *Ibid.*, pp. xix-xxx. See also Blakeslee, *op. cit.*, pp. 89–100 and 188–219, and Parlett, *op. cit.*, pp. 5–16, 51–57 and 58–65.

[22] Young, *op. cit.*, pp. 253–257.

The secrecy of this treaty of alliance was referred to by a Japanese spokesman who ventured the opinion that if it had been known to the Japanese government of the day, Manchuria would have been annexed outright after the Russo-Japanese war and would therefore have become part of the Japanese Empire, so that there would today have been no Manchurian question. The Chinese view was that the treaty was an attempt of the Chinese Empire to play off the imperialist powers, that it was dictated by fear of further aggression by Japan after the Sino-Japanese War of 1894–1895, and that the Russians abused the friendship of China by subsequently using the rights conferred for aggressive purposes. It was contended moreover that annexation would have created an irredenta like Alsace-Lorraine which would have been an even more difficult international problem than exists at present.

[23] *Ibid.*, pp. 12–13.

[24] *Ibid.*, pp. 45–103.

Japan easy access to Manchuria by rail. The Japanese section of the line was reorganised as the South Manchuria Railway Company immediately after the war. Since the Treaty of Portsmouth in 1905, therefore, the Chinese Eastern Railway has consisted of the line running east and west across northern Manchuria from Manchouli to Pogranichnaya, connecting up with the trans-Siberian system at both points, and a southern branch from Harbin south to Changchun where it connects with the South Manchuria Railway.

The construction of the line was undertaken by a bank which was formed under a charter from the Russian government "exclusively to develop the commercial relations with the East-Asiatic countries."[25] This bank was promoted by the Russian government; but employed a large proportion of French capital, and was merged with another French bank in 1910 becoming known thereafter as the Russo-Asiatic Bank. After the revolution in Russia it was reorganised in Paris and negotiated an agreement with the Chinese government on October 2, 1920.[26] The rapprochment between the Soviet government and the Chinese Republic in 1920 led, however, to an agreement in 1924, under which the reorganised bank was liquidated.[27] The railway then passed under the joint control of the Chinese and Soviet governments in terms of the 1924 agreement which forms the proper starting point for a consideration of the recent crisis in Sino-Soviet relations.[28]

The new era of Russo-Chinese relationships had been ushered in by preliminary negotiations in which the Soviet government secured the goodwill of China by declarations renouncing extra-territorial and other privileges.[29] The significant clause in the note sent from Moscow on September 27, 1920, is the first paragraph of Article VIII.

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[25] *Ibid.*, pp. 171–172.

[26] *Ibid.*, pp. 154–156.

[27] *Ibid.*, p. 235.

[28] The control of the railway in the interim period between the outbreak of the Russian revolution in 1917 and the agreement with the reorganized Russo-Asiatic Bank in 1920 is summarized in Young, pp. 153–156, 158–160 and 216–223. From 1896 to 1917 the line was controlled by the Russo-Chinese Bank (named the Russo-Asiatic Bank in 1910 after its merger with the Banque du Nord); between 1917 and 1919 it fell under the military control of anti-Bolshevist forces; on January 9, 1919, an Inter-Allied agreement vested control in an international board which functioned until the end of October, 1922. At various times during this period, notably at the Washington Conference the Chinese government unsuccessfully attempted to assert its right to control the railway. Its position was strengthened by the agreement entered into with the reorganised Russo-Asiatic Bank in 1920. The declarations of the Soviet government in 1919 and 1920 gave assent to the Chinese claim, but the Soviet representatives afterwards hedged on these declarations. From October, 1922, to the signing of the Sino-Soviet agreement of May 31, 1924, management of the railway remained in the hands of the (White) Russian General Manager, M. Ostroumoff, who had been appointed after the agreement with the Russo-Asiatic Bank in 1920. The Chinese government in 1919 secured control over the policing of the railway zone and the municipal administration of Harbin, a matter of some importance as bearing upon the Japanese rights in South Manchuria (Young, p. 223).

During the Inter-Allied period of control (1919–22) the railway incurred obligations to the Japanese and United States governments amounting to $10m. (gold).

> The Russian and Chinese governments agree to sign a special treaty on the way of working the Chinese Eastern Railway with regard to the needs of the Russian Socialist Federative Republic, and in the conclusion of the treaty there shall take part, besides China and Russia, also the Far Eastern Republic.

The diplomatic representatives of the Soviet in Peking made it clear in the subsequent period that the phrases in the earlier declaration about "the Chinese Eastern Railway being turned over to the Chinese people" were not to be construed as waiving the rights and interests of the Russian people.[30] Negotiations were long drawn out but at length in 1924 three agreements were signed, two with the Peking government on May 31st and the third with the Mukden government on September 20th.[31]

China secured recognition of an important principle by that part of Article 9 of the first "Agreement on general principles" which reads:

> The Governments of the two Contracting Parties declare that the Chinese Eastern Railway is a purely commercial enterprise . . . that, with the exception of matters pertaining to the business operations which are under the direct control of the Chinese Eastern Railway, all other matters affecting the rights of the National and the Local Governments of the Republic of China—such as judicial matters, matters relating to civil administration, military administration, police, municipal government, taxation and landed property (with the exception of lands required by the said Railway)—shall be administered by the Chinese authorities.

This clause was repeated also in Article I of the agreement signed on September 20, 1924, with the Mukden government. Its effect, added to the abolition of extra-territorial privileges in 1920, was to remove all the political privileges formerly attached to the railway concession. The precedent thus set was obviously important, especially in its bearings on the South Manchuria Railway.

The agreement for provisional management of the Chinese Eastern Railway which was also signed at Peking on May 31, 1924, repeated the gist of this renunciation of political rights in its preamble and went on to lay down general principles of cooperation pending a new constitution for the railway enterprise. This was necessarily in general terms. A board of directors composed of five nationals from each state was to be presided over by one of the Chinese directors, an attendance of seven was made necessary for a quorum and six votes were required for any decision. The general manager was to be a "national of the Union of Soviet Republics" to be appointed by the board of directors and confirmed in his appointment by the Soviet government. The same article (III) concludes with the statement "the rights and duties of the manager and the assistant manager shall be defined by the board of directors." General arrangements for equal employment of subordinate officers follow, and in terms of the agreement on general principles a conference was to be called within one month from the signing of the treaty to report within six months with detailed arrangements for (inter alia) the permanent working of the railroad. Pending such detailed arrangements it was agreed that

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[29] Text in *Problems of the Pacific*, pp. 265–270.

[30] Young, *op. cit.*, pp. 220–223.

[31] *Ibid.*, pp. 223–229. The text of the first two agreements is given in *Problems of the Pacific*, pp. 270–278; also in *Treaties and Agreements, 1919–1929*, pp. 133–144 For the third agreement see *Treaties and Agreements, 1919–1929*, pp. 148–152.

> until the various questions relating to the Chinese Eastern Railway are settled at the Conference as provided in Article II of the present Agreement, the rights of the two governments arising out of the Contract of August 27–September 8, 1896, for the construction and operation of the Chinese Eastern Railway, which do not conflict with the present Agreement and the Agreement for the Provisional Management of the said Railway and which do not prejudice China's right of sovereignty, shall be maintained.[32]

The stipulated conference was never held. Abortive attempts at discussion were made in August and again in December, 1925, but no agreement was reached. The Chinese view was that the Soviet representatives, being content with the wide powers of the general manager, avoided any conference. It was stated moreover that the board of directors had not been able to obtain a quorum so that power fell more and more into the hands of the manager. In the view of the Chinese members of the round-tables, the Soviet government had shown bad faith in this respect and had broken the treaty.

The further charge was made that, contrary to the express provisions of the 1924 agreement, the railway was in fact made a centre of propaganda and that railway funds were used for propaganda purposes. The raid upon the Soviet Consulate at Harbin on May 27, 1929[33] was stated to have yielded documentary proof of such propaganda being aimed at the violent overthrow of the existing government.

Detailed charges of mismanagement were made against the general manager, who was stated to have employed large numbers of Russian workers unnecessarily, to have placed Russians at the head of all important sections of the railway administration, to have placed coal at the disposal of the Soviet government, to have bought useless supplies from the Soviet factories, to have issued an inordinate number of free passes to Soviet nationals, and to have obeyed the orders of the trade union which in turn was controlled from Moscow. In the absence of any Soviet members free to speak in the round-tables, there was no opportunity of hearing any rebuttal of these charges. Foreign members spoke of the difficulty of obtaining accurate statistics; but agreed that there had been a large increase in the working staff so that the railway was over-manned. It appeared clear also that the financial condition of the company had deteriorated badly.

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[32] *Treaties and Agreements, 1919–1929,* p. 135.

[33] Young, *op. cit.,* pp. xix-xx.

It was pointed out, however, that much of the feeling against the activity of the trade union and the manager's subservience to its policies, was due to a real clash of economic conceptions. Every undertaking in Soviet Russia has this system which is not evidence of propaganda, but of a different conception of economic organisation. Many members felt that the evidence concerning propagandist activities was not conclusive, and that the financial condition of the railways was probably more due to bad management than to expenditure on propaganda.

The presence of White Russians in Harbin, many of them naturalised Chinese subjects, was recognised as a complicating factor. Essentially, however, the chief difficulties arise from dual management, the details of which have not been agreed. Even before 1920 there were difficulties in this respect. Since 1924 the dual arrangements have in fact broken down, management having fallen into the hands of the Soviet general manager. There is an increasing number of young trained Chinese seeking positions in the railway service and their legitimate ambitions reinforce the nationalist spirit of dissatisfaction with a situation which can hardly be regarded as expressing Chinese sovereignty.

There could not be adequate discussion of these phases of the situation, but it was evident that there had been an urgent necessity for a new agreement to implement the treaties of 1924 and lay down definite detailed limits to the manager's authority. At the same time some steps had been needed to break down the deadlock between the Chinese and Soviet directors. It was clear also that the strained political relations of the two governments had made the situations more difficult.

There was some discussion of the wisdom of the arbitrary action taken by the Chinese government on July 10-11, 1929, in entering the company's offices at Harbin, arresting a large number of the railway officials, including the general manager, and taking over the control of the railroad by force.[34] The general opinion among foreign members seemed to be that hasty action by China, whatever the provocation and however good China's case might have been, had prejudiced her position. Chinese members protested that the intention was not to seize the railway but to force a settlement of the outstanding grievances. The view had been expressed that the seizure was merely the logical culmination of a long and carefully planned program by which China had gradually been taking over various functions and enterprises of the company. In this view China miscalculated the public opinion of foreign countries, and the ability of the Soviet government to enter any effective protest against arbitrary action.

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[34] *Ibid.*, pp. xx-xxi.

It was pointed out that in retrospect China had made substantial progress in the achievement of her legitimate national aims, particularly in northern Manchuria. The area round Harbin, even after the Russo-Japanese war, was to all intents and purposes a Russian province. There was no Chinese customs service or post office. In 1910 a Chinese municipality was established which has since become reorganised as an efficient organ of local government. The growth of the city and surrounding district is such that the customs service has been able to collect increasing revenues mounting in recent years to $9,000,000 gold annually. The Chinese civil administration is functioning steadily and as immigrants have poured in of recent years the future of northern Manchuria as an integral part of China has been assured. These, it was argued, are substantial successes presaging further developments which it is a mistake to prejudice by impatient arbitrary action to remedy even substantial grievances.

The Chinese members vigorously dissented from this view. In their opinion China's patience was exhausted, her case was sound and some forceful action was necessary to bring the Soviet authorities to face the issues and enter into the necessary negotiations. They admitted that the Chinese government had not made any public appeal to world opinion by reporting its case to the League, the World Court, the Washington Treaty Powers or any other international group; but contended that this was a matter which primarily concerned China and the U.S.S.R. Foreign members, however, expressed the view that no question likely to involve the peace of the world can be admitted to be the private concern of any two parties to a dispute.

The Soviet view of the Chinese action could be reported only at second-hand and there was no discussion of the treatment of prisoners concerning which charges have been made. It was, however, stated that uneasiness existed in many quarters concerning the precedent set by China, and that the Soviet government had a greater measure of foreign sympathy than in almost any other international problem in which it had been involved. In particular a Japanese member asked some pointed questions as to whether the South Manchuria Railway might expect similar treatment if it became a purely commercial enterprise concerning which a dispute might arise.

The interest of the foreign powers is, however, not confined to the matter of a doubtful precedent. The general interest of the whole world in the maintenance of peace has been evinced by the invocation of the Pact of Paris.[35] The weakness of that Pact was disclosed in the inability of its chief signatories to do more than mobilise public opinion against a breach of the peace. The inadequacy of the diplomatic machinery available in such emergencies was discussed later in the round-table on diplomatic relations in the Pacific.

The settlement of the particular incident was considered possible by some such means as the restoration of the status quo with different personalities in the various positions such as that of the general manager and subsequent negotiations looking towards more precise delimitations of authority. Apart from this particular incident, however, it was pointed out that the relations between China and the U.S.S.R. were inevitably difficult. The movement of Russian population is gradually filling up Siberia so that along an extended border there will necessarily arise many complicated problems. The existing situation in Outer Mongolia was cited as a case in point. In the Chinese view Outer Mongolia remains part of China; but is at the moment exercising a considerable degree of local autonomy and utilising Soviet advisers. Foreign members, however, tended to take the more realistic view that to all intents and purposes it was a Soviet Republic closely affiliated with the U.S.S.R. and with the Soviet advisers exercising great influence in important economic and governmental policies.

The relationships of the Chinese Republic and the various units of the Soviet system in Eastern Asia are, therefore, a much wider problem than the incident at Harbin. They remain one of the outstanding problems of international difficulty in the Pacific, and their importance is not likely to diminish.

3. THE PSYCHOLOGICAL BACKGROUND IN SOUTH MANCHURIA

The relations between China and Japan in Manchuria and China generally were the subject of intensive discussion ranging over the whole field of sentimental, economic, political and diplomatic contacts. The complexity and detail of the topics defies adequate summary. The atmosphere of the round-tables cannot be successfully reproduced. In them there was a marked recognition of the interdependence of the problems. Extra-territoriality kept coming up in the discussion, the historical background obtruded itself repeatedly in the consideration of present problems, the validity of treaty rights complicated discussions of practical situations, economic development immediately called forth attention to its political implications, cultural changes were involved in the future of economic organisation. Manchuria in fact is a living exhibit of all the complex problems of international intercourse. To separate the issues as must be done in any formal summary inevitably destroys some of the reality of the discussions.

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[35] *Ibid.*, pp. xxvii–xxix.

The following brief summary of the historical background is necessary mainly because it was so much in the mind of the participants in the round-tables. The round-tables opened in an atmosphere of some tension. The Chinese and Japanese members particularly were fully aware of the gravity of the problems to be discussed. While the exchanges of opinion were confidential and there was no intention or expectation of seeking any specific solutions, it was evident that many members held strong opinions in which there were considerable emotional elements. The first exchanges were naturally concerned largely with general statements of the situation from various points of view, and it became apparent that historical and sentimental considerations had appreciable influence in the formation of such viewpoints. As the round-tables proceeded, the tension seemed to lessen a good deal, discussion moved from the enunciation of general attitudes to the detailed consideration of specific issues and there was a noticeable tendency to seek for practical points at which there was a possibility of effecting improvement. This drift was partly due to the procedure of informal round-table discussion supplemented by the opportunities of personal acquaintanceship provided at the conference. It was due in some measure also to the fact that the groups most vitally concerned were meeting with members from other countries whose interests were broadly based on the expanding economic possibilities of international trade and the general interest of all countries in world peace. In their limited sphere, therefore, the round-tables provided a clear illustration of the effective way in which the intensity of disputes affecting national rights and honor is materially reduced in an atmosphere of internationalism where the force of neutral opinion is naturally directed towards solutions rather than recriminations. It is obvious that the round-tables were in themselves nothing more than informal discussions of private citizens; but the subtle influence of world opinion demanding peaceful adjustment of disputes which was apparent in them correctly reflects the situation in regard to the practical problems which have to be faced by governments. The problems of Manchuria most vitally concern China, Japan and Russia; but the necessity for their solution equally concerns the other Pacific powers. This general international interest in peaceful economic progress is a factor of growing importance, not to be disregarded in any dispute between particular nations.

Reference to historical events in the round-table discussions was necessarily fragmentary and incidental. It would have been superfluous to have taken the time necessary to provide lectures dealing in academic detail with the diplomatic history and economic progress of Manchuria. Most of the members had at least a working knowledge of these facts and in any case the factual information contained in the research material provided was probably the most complete that has yet been assembled for such a purpose. There was constant reference in the discussion to this data material, most of which has already been published or will be included in the documentary section of this volume. The brief summary which follows is concerned rather with the attitudes and interpretations of historical events than with the events themselves.

Chinese members traced the anti-Japanese feeling which at present exists in China mainly to the more recent period of what they deemed Japan's policy of aggression.[36] Some Japanese members were inclined to go further back, at least to the diplomatic incidents immediately following the Sino-Japanese War of 1894-5. In their view that war was fought for the defence and future security of Japan; but the fruits of victory were snatched from Japan by the intervention of European Powers, primarily Russia.[37] At this and other stages of the discussion some apprehension was expressed concerning the great growth of European influence in China. Japan's interests at stake in her relations with China are vital to her security and economic existence. There are some Japanese who are fearful of isolation and encirclement. There are more who are convinced that Russia's weakness in the Far East is only temporary. A Chinese member regarded this fear almost as a form of persecution-complex and stated his surprise that the Japanese should so often imagine themselves surrounded by enemies.

It has to be remembered that the Sino-Japanese War was fought at the period when economic imperialism was at its peak in the Far East. In this troubled period the leaders of China apparently attempted to play off the Powers against each other. One incident in this diplomatic game was the Li-Lobanoff secret treaty entered into after the Sino-Japanese War, which gave Russia her first foothold on Manchurian territory. The Japanese feeling concerning this treaty has already been referred to as expressed in the statement that, if her statesmen had known of it at the time, they would probably have made an end of the Manchurian question once and for all by annexing the territory.

Chinese members protested that present-day China should not be held responsible for such diplomacy, practised as it was in an age of diplomatic intrigue. The Japanese recognised the force of this argument and the futility of recriminations over past events; but pointed out that it entered definitely into sentimental attitudes by raising the question in many minds as to whether China might not again produce a Li Hung-chang. This attitude is intimately associated with the general feeling in Japan concerning the sanctity of treaty rights, a problem that is discussed in another connection later in this chapter.

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[36] Cf. Shuhsi Hsu, "The Manchurian Question" (printed below, pp. 466-523), especially Chap. IV.

[37] For the diplomatic events of this period see Young, *op. cit.*, Part I, A. For a Japanese interpretation see Royama (printed below, pp. 527–34). A brief neutral interpretation is given by Parlett, *op. cit.*, pp. 5-16, and Blakeslee, pp. 100–107.

There was fair agreement between the two groups concerning the use made by Russia of her foothold in Manchuria. The Boxer rebellion occurring soon after her statesmen had secured the concessions for the railroad in Manchuria, offered an opportunity for the military occupation both of northern and of southern Manchuria.[38] This position was regarded in Japan as threatening her national security and when diplomatic negotiations failed, war was inevitable. To the Japanese members this war seemed to have been fought for defensive purposes and the maintenance of political rights and military power in southern Manchuria since that time (1904-5) as well as the subsequent annexation of Korea was also regarded as a strategic necessity. Manchuria, it was said, is Japan's first line of defence.

To this view Chinese members naturally raised objections. They regarded Japan as having been far from waging a war in defence of a helpless China, and pointed out that the defence of Manchuria was even more a vital necessity for China than for Japan. In their minds the war against Russia gave Japan the territorial foothold she had sought in the war ten years earlier against China and was really the first successful step in a carefully calculated policy of aggrandisement at China's expense.[39]

Into the situation thus created, other important elements have entered. The Japanese have a deep sentimental regard for the sacrifices made in a historic struggle on foreign soil. The reality of this sentiment and its power at the present time were stressed more than once. It is derived partly from the strong sense of patriotism in modern Japan, which in turn is partly derived from the affection with which the Imperial House is regarded and which has welded the whole Japanese people almost into one great family. It is difficult for foreigners to enter fully into this feeling. A British member pointed out the similarity of experience in the British Isles where over and over again costly wars had been fought on foreign soil; but where the sentimental regard for the sacrifices made had been largely dissociated from any desire to retain territory or even to conserve fully the objects for which the sacrifices had been made. The existence of war monuments in Manchuria to which the Japanese attach reverence is one tangible part of this problem. Chinese members were able to enter into an appreciation of this aspect of the question and suggestions were made for the care of the monuments in any future changes of control. Chinese references to the war in general, however, cut across a highly emotional Japanese attitude and often cause deep resentment.

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[38] Young, *op. cit.*, pp. 10–25 and 93–103.

[39] Shuhsi Hsu, *op. cit.*, pp. 467–78.

Apart from the sacrifice of human life and effort, the war against Russia cost Japan a considerable military expenditure, and it was represented that the subsequent railway development and the economic enterprises connected therewith represented an effort to recoup that expenditure. The Treaty of Portsmouth which ended the war put Japan in the position of inheriting the Russian treaty rights in southern Manchuria, including not only those connected with the railway zone but also the lease of the Liaotung Peninsula.[40] Upon these rights Japan has built a powerful economic development. She has reconstructed the railway along American lines, developed the town sites into modern municipalities, opened up and exploited coal mines and steel works, and provided the political commercial and banking facilities necessary for a rapid and solid growth of agricultural production. The fruits of her efforts were tabulated in a comparison of trade in Manchuria with that of China proper. Taking the figures for 1907 as his basis of 100, a Japanese spokesman produced the following table which speaks for itself:

INDEX-NUMBERS OF FOREIGN TRADE IN 1907

Year	Manchuria	China Proper
1907	100	100
1925	534	226
1926	619	261
1927	654	264
1928	738	279

The facts of Manchurian development were not disputed seriously. They are set out in detail in the data papers printed in this volume.[41] The variety of agricultural and industrial development, the modernization of transport and communication facilities, the impressive volume of recent immigration, and the efforts of the railway company to provide political security, cultural amenities and scientific research, were stated by Japanese spokesmen as proofs of efficiency and also as evidence that Japan's occupation has contributed materially to Chinese wealth and welfare.

Some Chinese members were inclined to draw attention to other factors

[40] Young, pp. 54–92; Royama, pp. 527–34. A detailed analysis of the Japanese political rights in Manchuria is given in Royama, Chap. II.

The text of the Treaty of Portsmouth is printed in MacMurray, Vol. I, pp. 522–528. See also Parlett, pp. 65–77, and Blakeslee, pp. 190–191.

[41] A detailed account of this development is contained in *Report of Progress in Manchuria, 1907–1928,* South Manchuria Railway, Dairen, 1929. A summary is contained in the papers by Hsiao, Royama, and Matsuoka printed below.

in the situation and to attribute the recent economic advances in Manchuria primarily to geographical considerations. The opening up of a virgin territory of rich resources would, they contended, have yielded substantial returns under any regime. Other parts of China, notably Shansi, have made remarkable progress because of political stability and unity. Nor were they wholly convinced that Japan had been successful in maintaining peace and good order. In any case they discounted the value of progress bought at the cost of hindering China's unification and the successful completion of the revolution. To these questionings a vigorous rejoinder was made by a Japanese spokesman, and generally speaking the economic case of the Japanese remained unshaken.

The real point of conflict between the Chinese and Japanese viewpoints arises from the political controls which have accompanied and safeguarded the large investments made in these economic enterprises. The problems raised in this connection are extremely complex. Some of the more important of them are treated in more detail in later sections of this chapter.

Generally speaking the attitude of the Japanese seemed to be one of reliance upon the present status quo, in regard both to treaty rights and to economic organisation. Readiness was expressed to meet the Chinese case for relaxation and abandonment of political privileges as soon as circumstances warranted such action. There was virtual unanimity in disclaiming any further developments which might be construed as aggressive interference with Chinese political rights of sovereignty. A conservative Japanese viewpoint was contained in such statements as the following:

> We are quite contented with the position we have attained in Manchuria and are endeavoring to keep ourselves in as much restraint as is compatible with the vast interests we have obtained there. The great economic development Japan has made has misled many people into thinking she dominates the whole of Manchuria. The total area included in the railroad zone is only a little over 1,000 square miles and its boundaries are clearly delimited. The leased territory of Kwantung covers only 13,000 square miles, so that Japan controls only 14,000 square miles out of the whole area, 382,000 square miles, of Manchuria. Our interest is largely but not wholly economic. Japan's history in Manchuria must necessarily carry with it political and military power of the first magnitude. Our national defence compels us to maintain there a strategic position.

It was contended also that the domestic position of Japan in regard to food resources and raw materials for manufacture rendered her vitally dependent upon the agricultural, mining and forest development of the Manchurian region. The main Japanese data paper contained an illuminating section giving detailed information on this point.[42]

> With the trend of civilization [it was argued] Japan has become a capitalistic

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[42] Royama, pp. 578–84.

nation. With few natural resources, Manchuria can give her most of the materials she needs and a large, expanding market. There is an inevitable historical consequence in the stage of economic imperialism through which Japan has had to go.

There was some disposition at first on the part of many Chinese to question this economic dependence of Japanese industry on Manchurian resources, and to regard it as a mere pretext for territorial aggrandisement, the fear of which was uppermost in many Chinese minds. Statistics were quoted to show that a comparatively small proportion of Japanese exports went to Manchuria, and a somewhat larger but still small proportion of Japanese imports was received from that region. The reply was made that these statistics proved little or nothing since they ignored the vital necessity to Japan of certain key-industries for the materials of which she was largely dependent on Manchurian development.

A more effective development of the Chinese point was the question raised as to the effect of the Japanese attitude regarding Manchuria upon her trade with China as a whole. It was urged that the trade of an awakening China was a prize Japan was in danger of losing by reason of her insistence upon limited rights in a single region. The strong anti-Japanese feeling expressed by boycotts and similar demonstrations was cited as evidence of this danger.

Chinese members also cited statistics of immigration and farming settlement in support of their argument that Japanese have not really gone into Manchuria to settle; but have merely acted as a governing caste dominating the political and economic situation. Two arguments were advanced, that there could not be any very great population pressure in Japan and if there was, room for expansion was provided by the possession of Formosa and Korea. To these arguments a Japanese expert replied that even at present Japan imported a substantial quantity of foodstuffs and fertilizers from Manchuria to balance a deficit in her home production and that the materials imported were essentials. There was, he maintained little room for expansion in either Korea, Formosa or Japan itself. Japanese migration to Manchuria for farming purposes was admittedly small; and there were difficulties of adjustment to climate, adaptation to new technique and competition with the lower Chinese standard of living.[43] But it was maintained that the chief difficulty was the obstructive attitude of the Chinese authorities in refusing to lease land and harrying Japanese farmers. The advent of such farmers would raise productivity and the standard of living in Manchuria and they should be welcomed rather than driven away.

A more subtle economic argument was raised but not fully stated or explored, when a Chinese member asked whether China was wise in allowing her reserves of minerals and timber to be exploited without adequate remuneration. The Japanese reply was the contention that all these materials were paid for so that the advantage was mutual; but the original point seemed to concern the equality of bargaining power at the present juncture and the wisdom of conserving wasting assets against the time when they may be needed for the industrial development of China itself.

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[43] Nasu, "Land Utilization in Japan," Introd., sec. 2 (to be printed separately); also E. F. Penrose, "Agricultural and Mineral Production in Japan," and Boris P. Torgasheff, "Coal, Iron and Oil in that Far East."

While these questions were raised there was a general tendency to accept the Japanese case concerning the necessity of preserving her economic interests in Manchuria, and to argue that there was no necessary and consequential case for the retention of her political rights. The argument was pushed further to the contention that the economic interests were jeopardised by insistence on their political implications. Some among the Chinese members, indeed, frankly questioned the Japanese emphasis upon the economic aspects of their policy and maintained that Japanese actions demonstrated a definite policy of territorial aggression at suitable opportunities.[44] One such opportunity, it was argued, was presented by China's weakness when the European Powers were engaged in war. The problems that arise in connection with the validity of the 1915 treaty arising from the so-called Twenty-One Demands will be separately treated. It is sufficient here to note that the controversy over these demands is one of the main roots of Chinese resentment and suspicion of Japan's actions at the present time.

The first element in the Chinese case was generally admitted—Manchuria is a part of the Chinese political system. By various important treaties including those entered into at the Washington Conference of 1921-2, all the important powers concerned have agreed to recognise and respect the territorial integrity of China.[45] There was brief discussion as to whether the Three Eastern Provinces were generally admitted to form part of the area thus recognised and the Chinese seemed anxious to assert this proposition. There was no dissent expressed concerning it. Chinese sovereignty being admitted, the question became one of interference with and derogations from that sovereignty. The definition of sovereignty was once again raised; but not debated. Expert legal opinion was inclined to regard the term as needing more precise definition in view of the changing social and political organisation of the modern world.

Apart from the specific issues discussed below, there was evident a background of mutual suspicion and mistrust between the two peoples. This was indeed described by more than one speaker, Japanese and Chinese, as a war

[44] Shuhsi Hsu, Chap. IV, V, and VII.

[45] Young, pp. 191–250; Parlett, pp. 16–47; Royama, pp. 534–37; Hsu, pp. 494–507.

psychology. A Chinese university president spoke of the intensity of anti-Japanese feeling among his students and the difficulty of restraining it. Another Chinese spokesman referred to the whole Japanese system of the railway zone based on the leased territory as a "river of political control flowing into the heart of Manchuria and threatening at any moment to overflow its banks and flood the whole country." In another place the railway system was stated to be the most formidable of all the foreign concessions remaining in China. It was urged that Japan had gone beyond her treaty rights in such matters as stationing consular police in the interior regions, that her minor officials constantly flouted Chinese authority which was also defied successfully by the undesirables among her nationals. Incidents were cited which were regarded as evidence of the "old mind of Japan" and the argument fell back at such points upon illustrations derived from the 1915 treaty and the subsequent political loans to the militarist governments in north China. Japanese writings were used in an attempt to demonstrate that the spirit of imperialism survives strongly in Japan. The use in official documents of the terms Manchuria and Mongolia was interpreted as evidence of a desire to have them considered as distinct from China. There were many such arguments evincing a somewhat emotional state of mind fastening on inconclusive evidence.

It was evident also that the whole question was tied up with the strained relationships existing at present between the two governments. As argued below extra-territorial privileges were mainly responsible for many of the interferences with Chinese sovereignty against which complaints were made.

The bearing of the situation in northern Manchuria concerning the Chinese Eastern Railway was equally clear. On the one hand the Japanese tended to regard recent Chinese policy in connection with the Chinese Eastern Railway as evidence of what they feared might happen if the South Manchuria Railway system were divested suddenly of its political and military protection. On the other hand, the Chinese used the argument that many of the treaty rights of the Japanese were contingent upon privileges since relinquished by the Russians and that their retention by the Japanese was proof of political ambitions in Manchuria.

Further proof of these ambitions was deduced by some Chinese members from their interpretation of recent Japanese policy. They expressed disappointment at the results of the Washington Conference as far as any change of attitude on the part of the Japanese authorities was concerned. That attitude in their opinion remained one of aggressive intent modified only by periods when opportunity for aggression seemed lacking. Specific incidents were mentioned. Japanese intervention in Shantung resulting in the so-called Tsinan incident was interpreted as a deliberate interference with the campaign for the unification of China.[46] Japanese members, however, were clear that the Tsinan incident of 1928 must be connected with the Nanking incident[47] of the previous year and that the difficult situation in which Japanese officials and citizens had been placed during the Nanking incident warranted precautions being taken against any repetition of the occurrence.

The death of Chang-tso-lin later in 1928 was referred to by the leader of the Chinese delegation in his opening statement with the implication that the ultimate responsibility for it was upon the shoulders of the Japanese government.[48] In the round-table discussion subsequently it was implied that Japan expected to profit from the political disturbances that might have resulted from the incident; but which were averted by the self-restraint of the Chinese people. There was no attempt to discuss what actually were the facts of this incident though a Japanese member denied the imputation and pointed to the lack of evidence available.

There was, however, some discussion of the so-called "positive policy" said to have been initiated by the late premier of Japan, Baron Tanaka.[49] The phrase was interpreted by some Chinese as indicating a reversion to the policy of active imperialism looking towards territorial aggrandisement. Experts among the Japanese group closely associated with Manchuria denied that there was any such policy and asserted that there was never anything more in the minds of the Japanese authorities than a vigorous prosecution of economic development. The phrase "positive policy" was coined by journalists and given a sensational twist which was misunderstood in China.

Various other incidents were cited of what were deemed by the Chinese to be interferences with the normal development of the revolution in China. To the Japanese these actions were explained wholly as necessary steps for the maintenance of security, peace and order in an area of large Japanese interests. The safety of these investments loomed large, the incidental consequences to Chinese domestic politics were not greatly considered. There appeared to be a considerable gulf between this and the Chinese view which regarded these actions as inspired primarily by a Machiavellian desire to keep China weak and disunited.

Apart from such interpretations of policy, the differences in which were explicable as largely due to the relative importance of revolutionary politics in the minds of the Chinese and Japanese members, and to the mutual suspicions prevalent among both peoples, there were the questions concerning political functions connected with the administration of the Japanese economic enterprises. The broad Japanese attitude was well expressed by an expert statement that in Manchuria Japan has maintained both an economic and a political face. This has been necessary as long as the Chinese government was unable to guarantee adequate protection of life and property in Manchuria. Japan was anxious to treat China as a neighbor rather than a foe, their geographical interests linked them closely and inextricably, therefore Japan, it was maintained, was anxious to withdraw her political face and present only her economic face in Manchuria. The South Manchuria Railway Company had been organised as a private company in the first instance in the desire to avoid giving offence to China. The conditions were now changing and the time was coming nearer when the political attributes of the concession would become less important. When that time came it would be a relief to Japan; but in the meantime there was a political interest involved in protecting a great economic investment.

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[46] David Z. T. Yui, "China and the Pacific World," *Pacific Affairs*, January, 1930, p. 35; Blakeslee, pp. 73–80. The text of the notes settling this incident is printed in *Treaties and Agreements, 1919–1929*, pp. 274–275.

[47] Blakeslee, pp. 61–65 and 155–159; *Treaties and Agreements, 1919–1929*, pp. 216–226.

[48] Yui, *op. cit.*, p. 41.

[49] Blakeslee, pp. 183–187; Young, pp. 197–215; Hsu, pp. 517–23.

To this point of view, expressed many times by Japanese members in different round-tables, Chinese spokesmen presented the analogy of Canada and the United States where foreign investments had not carried with them any interference with sovereignty. The case of Mexico was also cited as being a closer parallel. It was argued that American capital owned Mexican railways but that even during the revolutionary disturbances of the last ten years there had been no effort to take over control. It was recognised, however, that the political relations between Mexico and the United States are in fact complicated by the existence of foreign investments.

The whole question turns upon the ability of the Chinese authorities at the present time to discharge the functions of government. Upon this ability there was naturally divergence of opinion. Some time was devoted in one round-table to elucidating the facts of governmental organisation in Manchuria and its relation to the central government of China. The relation is that of a province governed by a Political Council of fifteen members under the chairmanship of Marshal Chang Hsueh-liang who is also a member of the State Council of the Chinese Republic. The relationship between this provincial organisation and the central government is loose and ill-defined in accordance both with Chinese tradition and with the facts of the present situation. Foreign relations have, however, been centralised so that the Japanese and other governments now negotiate directly with Nanking on foreign policies relating to Manchuria. The Manchurian government also pays a proportion of its revenue to Nanking. The relation between the military and civil sides of the government in Manchuria is maintained by the military leader being president of the Council. This council is appointed, at least nominally, by the central government and consists partly of leaders of local influence and partly of nominees of Nanking. The effort to assert civil control by a central government over outlying military leaders was admittedly still in an uncompleted stage and central controls of expenditure and policies depend upon its completion. The direct question was asked as to whether the central government had any effective control over the arsenal at Mukden, to which the reply was made that civil control in such matters was an ideal not yet fully recognised.

Foreign observers, particularly the Japanese experts, tended to express a more realistic view and to dwell upon the lack of centralised control, the substantial degree of autonomy exercised by military leaders, their arbitrary and unconstitutional methods of government, illegal taxes, interference with legitimate trade and inability to provide good order, justice and peaceful security. These attitudes came up over and over again in connection with the specific problems detailed below. They were not expressed in any very definite and still less in any offensive way; but rather took the form of questions and hesitancies. These attitudes are connected also with the questions of banditry and the fear expressed by Japanese members concerning the menace of Russian aggression both by future economic and military action and by revolutionary propaganda. On the latter point there was some difference between the emphasis placed by Chinese members upon Russian activity when they were discussing the Chinese Eastern Railway dispute, and their deprecation of Japanese apprehensions of the "red menace" in discussions of south Manchurian problems.

The core of the Chinese position was the plea that China's sovereignty was threatened and that its preservation was all important for future peace in the Far East. It was recognised that the reality of the psychology of Chinese public opinion was a factor of great importance in the present situation. On the other hand the Japanese urged the equal reality of Japanese public opinion. Younger members of the Japanese groups pleaded that opinion in Japan was growing more conciliatory; but feared the revolutionary and irreconcilable attitudes of Chinese nationalism. In their view cooperation was dictated by necessity; but one of the greatest dangers ahead was the development of a Chinese policy of extreme nationalism virtually amounting to exclusion or at least to penalising of Japanese interests and Japanese citizens. Such an attitude, they argued, would result in unfortunate reactions. Among the foreign members also were some who argued the need for patient and calm efforts at seeking cooperative solutions. They regarded the present situation as one in which China was not yet ready to guarantee efficient operation of vital enterprises or even safety and justice. They urged that political feasibility should be considered as well as abstract principles of ultimate justice. In this view—and opinion was virtually unanimous on this point—the steady and large volume of Chinese immigration for permanent settlement was the best assurance that the future of Manchuria would always be in Chinese hands.

4. PRESENT ISSUES AND PROBLEMS

(a) THE ADMINISTRATION OF THE LEASED TERRITORY AND RAILWAY ZONE.

The most important outstanding problem between Japan and China and the one on which there is the greatest and most fundamental divergence of opinion is the question of the administration of the railway zone and the leased territory of Kwantung. There is first of all a disputed interpretation of the clause in the treaty relating to the right of administration. Arising from this are disputes concerning the extensions of administration. These shade from discussions as to the proper use and validity of the railway guards to what the Chinese deemed to be abuses of extra-territorial privileges. As soon as such questions arise there are inevitably cited "incidents" of friction.

An even more difficult phase of the situation is the question of the validity of the 1915 treaty by which the period of lease was extended from 24 to 99 years. With this goes the fundamental problem of the sanctity of treaties, complicated by changing political and economic conditions.

Behind both these major issues lies the Chinese demand for ultimate retrocession or redemption of Japan's present rights and interests except those of a purely economic character. The Japanese reaction to these proposals is determined partly by the economic, strategic and political situation of Japan; but partly also by the Japanese appreciation of the difficulties under which government is being carried on at present in China and particularly in Manchuria.

As in all foreign concessions on Chinese territory the present administration is based partly upon treaty rights and partly upon established practice dictated by economic expediency and accepted at least temporarily as due to the necessity of circumstances. The legal basis of Japanese interests in Manchuria is, however, much more definite and elaborated than in the case of most other foreign concessions. The Japanese also place a great deal of emphasis not only upon the specific treaty rights which they have acquired; but also upon the general principle of the scrupulous observance of the sanctity of international agreements registered in treaties. The assertion of this general principle enters considerably into the Japanese attitude regarding the revision of treaty rights.

The legal basis both for the leased territory and for the railway zone is to be found in the Treaty of Portsmouth which closed the Russo-Japanese war and in the agreements which have from time to time supplemented that treaty.[50] There is a long list of these supplementary agreements and a brief catalogue enumerating the various political rights secured upon Sino-Japanese treaties is sufficient to indicate the complexity of the problem. Such a list is reproduced below in the main Japanese data paper. Fifteen specific obligations are there recorded of which six are distinguished as being of special importance to Japan. These are:

1. The lease of Kwantung Province
2. The right to operate the South Manchuria Railway and the right to station railway guards
3. The right of management on the commission of special railway lines and operation or construction of railway lines by joint (international) undertaking
4. The right to undertake certain mining and lumber enterprises
5. The right to issue and circulate bank notes
6. The right of free residence in the interior of South Manchuria

This section summarises the discussion concerning the first two of these rights. By the Treaty of Portsmouth, Japan took over from Russia both the leased territory and the railroad zone as far north as Changchun, together with all the political interests secured to Russia in earlier treaties with China, especially the treaties of 1896 and 1898. A separate treaty was negotiated with China following the conclusion of the Russo-Japanese war, by which China recognised the validity of these arrangements. The subsequent treaty negotiations between Japan and China have built upon these 1905 treaties. The detailed history of these treaties was fully described in the data papers presented to the round-tables as bases for discussion and will not be repeated here. The Chinese and Japanese views of the existing legal situation are also set forth in the data papers by Professor Shuhsi Hsu and Professor Royama which are printed in the present volume. The summary which follows therefore attempts only to report the discussions of those points which engaged the attention of the round-tables.

The first concerned the interpretation of the right of "administration". By the Treaty of Portsmouth, 1905, Articles V and VI Russia agreed to

> transfer and assign to the Imperial Government of Japan, with the consent of the Government of China, the lease of Port Arthur, Talien and adjacent territory and territorial waters and all rights, privileges and concessions connected with or forming part of such lease and they also transfer and assign to the Imperial

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[50] See Royama, pp. 537–40; Young, pp. 17–24, 64–67, 88–92, 148–152, 197–209; Parlett, pp. 16–48.

> Government of Japan all public works and properties in the territory affected by the above mentioned lease,
>
> and
>
> transfer and assign to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Changchun (Kuan-cheng-tzu) and Port Arthur and all its branches, together with all rights, privileges and properties appertaining thereto in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.[51]

The right of complete civil administration within the leased territory which was thus transferred appears to have been fully covered by Article 4 of the original Sino-Russian agreement for the lease of the Liaotung Peninsula in 1898. This article provided that "the entire military command of the land and naval forces and equally the supreme civil administration will be entirely given over to the Russian authorities."[52] China assented to the transference of this right by agreeing to the first article of the Sino-Japanese treaty of December 22, 1905.[53] The term of the lease, however, expired in 1923 and its renewal by the treaty of May 25, 1915 is challenged by Chinese opinion. Discussion on this point is summarised below.

The right of civil administration over the railroad zone is based upon Article 6 of the original agreement signed on August 27-September 8, 1896, between the Russo-Chinese Bank and the Chinese government. This article reads:

> The lands actually necessary for the construction, operation, and protection of the line, as also the lands in the vicinity of the line necessary for procuring sand, stone, lime, etc., will be turned over to the Company freely, if these lands are the property of the State; if they belong to individuals, they will be turned over to the Company either upon a single payment or upon an annual rental to the proprietors, at current prices. The lands belonging to the Company will be exempt from all land taxes (impôt foncier).
>
> The Company will have the absolute and exclusive right of administration of its lands. (La Societé aura le droit absolu et exclusif de l'administration de ses terrains.)
>
> The Company will have the right to construct on these lands buildings of all sorts, and likewise to construct and operate the telegraph necessary for the needs of the line.
>
> The income of the Company, all its receipts and the charges for the transportation of passengers and merchandise, etc., will likewise be exempt from any tax or duty. Exception is made, however, as to mines, for which there will be a special arrangement.[54]

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[51] MacMurray, Vol. I, p. 523.

[52] *Ibid.*, p. 119.

[53] *Ibid.*, p. 549.

[54] *Ibid.*, p. 76.

This right of administration was extended to the southern branch of the railway by Article VII of the convention for the lease of the Liaotung Peninsula and the right to build the railway south from Harbin to Dairen signed on March 27, 1898. The significant clause is that which provides that "all the stipulations of the contract concluded by the Chinese government with the Russo-Chinese Bank on August 27 (September 8), 1896, shall apply scrupulously to these supplementary branches."[55]

The authoritative wording of the treaties is the French version in which occurs the clause "La Societé aura le droit absolu et exclusif de l'administration de ses terrains."

In pursuance of this right supplemented by local agreements in following years the Chinese Eastern Railway proceeded to set up a full civil administration in the railway zone including jurisdiction over Chinese subjects in criminal and civil cases, machinery for local taxation, municipal provisions for the government of the town sites developed by the railway, and military protection by the employment of railway guards.

The most authoritative recent analysis of this legal situation concludes that

> these local arrangements of 1899, 1901 and 1902 were of a nature to raise a strong presumption that the later contentions of the Russian government, that the railway actually possessed broad jurisdictional authority, even in criminal and civil cases involving Chinese subjects, were sound. It is evident that they are in direct contraversion of the provision in Article 5 of the original railway contract agreement of 1896 to the effect that "criminal cases, lawsuits, etc., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.[56]

The Chinese contention was, and still is, that the rights of administration granted in the original treaties were intended to be rights of business management rather than of government. It was stated that the word used in the Chinese text was the same word as would be used in defining powers of management in a bank charter. Japanese spokesmen on the other hand were clear that from the earliest period Japanese authorities have held to the opposite view and have interpreted the phrase "ses terrains" as equivalent to "sur le terrain". Controversy on this point has continued at least since 1908–9. Until the Sino-Russian rapprochement of 1920–4 the Chinese government was not able to secure any acceptance for its view. Since 1924 the Chinese Eastern Railway has been fully divested of its political attributes but there has been no change in the position of the South Manchuria Railway which adheres to its treaty rights in this respect. It was stated that the United

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[55] *Ibid.*, p. 120.

[56] Young, *op. cit.*, p. 21.

States government has never interpreted the word administration as meaning political rights, but has relied on its treaty rights and on extra-territoriality.[57]

Administration of the railway towns that have been developed provides even more difficulty than the administration of the railway zone itself. The provisions for their government are not specifically covered by the original treaties and contracts, but are derived largely from local agreements. The town sites which have been developed and governed as an essential part of the railway enterprise were partly taken over from the Russians and partly obtained by subsequent agreement with local Chinese authorities.[58] In them the company through its Local Department has set up municipal administration including the levying of taxes, fees, fines, and licenses, police control, and all the other normal administrative functions of a municipality. The cities were recognised as being governed cheaply and efficiently; but the Chinese challenge their status as they challenge other concessions in China.

After the Russo-Japanese war, China challenged the legality of the Russian jurisdiction in the municipality of Harbin which had been set up in January, 1908. In the following month the Chinese government entered a strong protest with the result that by an agreement signed on May 10, 1909, a compromise was reached providing for an elected council but retaining many of the Russian privileges. The United States protested and refused to recognise this agreement, maintaining that the Chinese Eastern Railway was a commercial company with no political rights. Controversy ensued when differences of interpretation arose between the Chinese and Russians, and the consuls of other powers refused to instruct their nationals to recognise the agreement.[59] In 1914, however, these differences were adjusted and the Sino-Russian municipality functioned until it was set aside in February, 1926, and replaced by a purely Chinese organisation.[60]

The Japanese took over with the lease of the Liaotung Peninsula, all the Russian rights of governance including all attributes of sovereignty except the ultimate right of resumption. There has been no challenge to this position. Nor was there, at least until the Washington Conference, any protest either by China or by other powers against the administrative rights exercised by Japan in the railroad zone and the railway towns outside the leased territory. The Russian government specifically drew the attention of the United States government to the Japanese position when that government refused to recognise the Harbin agreement in 1910. The protest, however, was unavailing.[61] The organisation of the Kwantung government which controls the leased territory is linked up with the administration of the whole zone and in the eyes of modern Chinese represents "what amounts substantially to military intervention." It was maintained that the right to purchase land had also resulted in considerable extension of Japanese control.

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[57] Young, p. 95 n.

[58] Royama, pp. 540–50.

[59] Young, pp. 94–97.

[60] *Ibid.*, p. 234.

The lease of the Kwantung territory would have expired in 1923; but by the treaty entered into as a result of the Twenty-One Demands presented to China in 1915, an extension of the term was secured to 99 years, the period for which most of the other leased territory was granted by China to different Powers.[62] The validity of this treaty was questioned by Chinese members on the ground that it had been signed under duress by the representatives of a government which did not represent Chinese public opinion.[63] On this point the Japanese maintained that the validity of a treaty is not affected in international law by reason of pressure exerted upon one of the contracting parties. If it were, no treaty which ended a war could ever be regarded as valid. It was urged therefore that Chinese opinion must accept this fait accompli. Chinese members on the other hand argued that Japanese insistence on treaty rights obtained in this way was a real menace to the peace of the Far East, that Chinese public opinion would not rest until the treaty was abrogated or revised. There was a real divergence on this point which was well stated by a Chinese remark

> It is futile to go into the question of the validity of treaties—Japan has its rights and China takes its position. There is a deadlock. You cannot argue with a Chinese about the Twenty-One Demands or with a Japanese about the 1915 treaties. We recognise that this causes strained relations between China and Japan. We must take a detour and avoid this stumbling block.

There were members among the Japanese group who took much the same point of view. After a long discussion concerning the validity of these particular treaties and treaties in general, two significant statements were made. The first was by a prominent Japanese expert who said

> There is at least one Japanese who does not always wish to fall back on treaties. It is better to have some rules to go by, than none at all, but if the Japanese say that the sanctity of treaties must be observed, then it is inevitable that the Chinese will always return to this question. Treaties are made from time to time; they are remade, revised and discarded. If I represented my government, I would stick to the sanctity of treaties because I would have to, but here as an individual, I do not have to. Cannot we therefore approach this question, setting aside for a moment the sanctity of treaties?

The second was by an American member interested primarily in the machinery of international peace who stressed the need for elasticity in a changing world.

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[61] *Ibid.*, pp. 88–92, esp. p. 90 n.

[62] *Ibid.*, pp. 136–139; Royama, pp. 534–40; Parlett, pp. 16–47; Hsu, pp. 485–94.

[63] Hsu, pp. 501 ff.

> We must recognise the international importance of the question of the validity of treaties. We should remember that most international relations in the past have been formalised into treaties. They have been bound in narrow confines; treaties have formed the framework of internationalism. But in this era we are not in need of machinery which is so static. We need something which is more readily adaptable to ever-changing conditions. Today we must adjust ourselves to both the old static conditions and to the ever-growing, changing conditions. With reference to China, we must recall that in the past she has not had a feeling of complete sovereignty. Her treaty relations have rested on a different basis from the treaty relations between the other powers.

Another aspect of this point of view was mentioned in a different round-table when a British member drew attention to the bearing that disarmament proposals and the gradual development of international government have upon the question of strategy and expressed the hope that such developments might be speeded up to the point where Japan could consider the leased territory without undue fears for her strategic security.

While there was full statement therefore of the divergent positions taken up by Japan and China on this difficult problem, the discussion moved naturally and by mutual consent to consideration of ways and means by which some new agreement could be arrived at on a basis of practical compromise. These discussions are summarised in a later section of this chapter.

The Chinese members made it clear that nationalist opinion would demand some alteration of the present status quo. They represented the wisdom of opening discussions on the basis of equity rather than treaty rights; but urged that discussions should be preceded by some gesture indicating that Japan was willing to consider making such alterations. They pointed to the effect on Chinese public opinion of the British gestures made in 1926 and 1927.

There was throughout the discussions a noticeable analogy with earlier discussions concerning other foreign concessions notably Shanghai. An effort was made to consider analogies with the Suez and Panama Canal zones; but these were regarded as not strictly comparable. In Panama the controlling American authorities exercise full control but in neither case is there a hinterland developing rapidly. Comparisons with other areas in China were regarded as more pertinent. The Japanese position in Manchuria was in fact regarded as the greatest and most important of the foreign concessions remaining in China. The Chinese members endeavored, therefore, to explore ways and means by which its political attributes could be minimised while its economic importance for Japan was safeguarded. This was largely in accord with the liberal Japanese opinion already recorded; but there was a wide divergence as to the practical steps that are possible in the near future.

In discussing the question of the rendition of the lease, an effort was made to compare it with Wei-hai-wei which provided the original reason for its creation. The British government intimated its willingness to hand Wei-hai-wei back to China, as early as the meetings of the Washington conference.[64] Negotiations for rendition were halted by the political confusion in China; but have recently been resumed.[65] To the Japanese members, however, the subsequent economic development of Dairen as well as its strategic importance has taken it out of the category of such minor leases as Wei-hai-wei and placed it rather in a parallel position with the leased territory occupied by the British and administered as part of Hong-Kong. There was no evidence that Japanese members regarded retrocession as within the bounds of practical politics. The Chinese case consisted of a restatement of the reasons for cancellation presented to the Washington Conference.[66] These were summarised as the necessity for restoring China's administrative and territorial integrity. It was argued that the necessity for maintaining a balance of power in this region has disappeared with the eclipse of Russian influence which has been recognised by the British willingness to give up Wei-hai-wei. The maintenance of the lease, it was contended, involves China in complications with other powers and, above all, provides a point d'appui for the consolidation and further development of Japan's sphere of influence in China. The question was raised as to whether Japan would consider affording China the right to redeem the railway; but this was not regarded by the Japanese members as a practical question at the present time.

The Japanese case is essentially based on practical economic and governmental reasons. The time is not regarded as opportune, nor are the conditions of Chinese government regarded as adequate to provide the protection necessary for the Japanese economic interests that have grown up in southern Manchuria. Nor were the Japanese willing to admit that the Russian eclipse in the Far East was anything more than temporary. On the other hand they regarded a return of Russian pressure as inevitable and doubted either the ability or the willingness of the Chinese authorities to protect Japanese interests if an emergency should arise. Moreover they pointed to the admitted efficiency of the Japanese administration and urged that it was the most important stabilising and developing influence in Manchuria today. The Chinese appreciation of its real value was demonstrated practically by the great extent to which Chinese residents take advantage of the better and more orderly conditions of life in the Japanese zone. Statistics were quoted of the very much more rapid increase of population in this region than in the territory under Chinese jurisdiction and it was urged that this was an effective practical answer to the theoretical political case urged by Chinese nationalists. A foreign member raised the point as to whether the efficiency of Japanese administration had not brought about the conditions making possible its withdrawal; but the Japanese reply questioned the possibility of its replacement by effective Chinese government.

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[64] W. P. Ker, "The Government of Chinese in Wei-hai-wei, Hong-Kong and British Malaya" (unpublished).

[65] Lord Hailsham, "Great Britain in the Orient," *Pacific Affairs*, January, 1930.

[66] Hsu, pp. 494–507.

A good deal of the discussion on this subject turned on the use of Japanese railway guards in the railway zone. The right to maintain such guards was contested by China as early as the disputes with Russia over the Chinese Eastern Railway in 1908–9.[67] At that time the matter was allowed to lapse; but China maintained her position that the Russian guards were extra-legal and not warranted by the treaties. After the Soviet revolution China took over the responsibility though in 1918 Japan asserted her right to safeguard the effective working of the road. This right was not recognised by the Powers and, by the subsequent Sino-Russian negotiations of 1920–4, China secured the withdrawal of the Russian claims.

This withdrawal was urged as an additional reason why Japan should before now have withdrawn her guards. It was maintained by the Chinese members that there was never at any time any recognition in the treaties of the right to maintain military forces of this character on Chinese territory and that the right was unjustifiably assumed as part of the disputed rights of administration in the railway zone. It was pointed out, however, that in the treaties regulating and limiting the number of railway guards, China had acquiesced in the practical position that had arisen. The treaty terminating the Russo-Japanese War was supplemented by a protocol limiting the number of guards protecting the respective railways to "15 per kilometer on the average."[68] This treaty and its protocols were assented to by China in the Sino-Japanese treaty of 1905. An additional agreement to that treaty contains an Article II reading:

> In view of the earnest desire expressed by the Imperial Chinese Government to have the Japanese and Russian troops and railway guards in Manchuria withdrawn as soon as possible, and in order to meet this desire, the Imperial Japanese Government, in the event of Russia agreeing to the withdrawal of her railway guards, or in case other proper measures are agreed to between China and Russia, consent to take similar steps accordingly. When tranquility shall have been re-established in Manchuria and China shall have become herself capable of afford-

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[67] Young, pp. 21–24.

[68] MacMurray, Vol. I, p. 527.

ing full protection to the lives and property of foreigners, Japan will withdraw her railway guards simultaneously with Russia.[69]

This article was referred to by Chinese members who urged, as the Chinese representatives had urged at the Washington Conference, that Russia had withdrawn her guards; but that Japan had failed to follow suit in terms of the treaty. The Japanese reply was that the Russian withdrawal was not entered into by voluntary agreement after discussion with Japan as was obviously contemplated in the treaty and that the practical conditions for withdrawal had not yet been attained. It was maintained that tranquillity has not yet been reestablished in Manchuria and that China has not "become capable of affording full protection to the lives and property of foreigners."

The original agreement in which these conditions are stated was signed in Chinese and Japanese and there is no one authoritative version of the text. There appears to be some ambiguity in the terms used. A Japanese legal expert stated this as follows:

> The original term in the text, both Japanese and Chinese, of the Article corresponding to "consent to take similar steps" in the above quoted translation is to "consent to 'chao-pien' simultaneously." Now what is meant by "chao-pien"? Does it exactly correspond to "to take similar steps"? In Chinese treaties with other powers and official communications addressed to foreign representatives, the term "chao-pien" is not infrequently used, but its exact meaning seems to be rather ambiguous. Sometimes it is translated as *le mode d'application* as in the case of the 2nd Clause of Article XVIII of the Russo-Chinese Treaty of February 24, 1881.
>
> To insist that, because Russia already withdrew her railway guards in Manchuria, so Japan should take similar steps in accordance with Article 2 of the Agreement above referred to, is, from a legal point of view, unacceptable as well as misinterpreted. So far as the legal aspect is concerned, the only condition for the withdrawal of Japanese railway guards is, as is expressly provided in the Article, "when China shall have become herself capable of affording full protection to the lives and property of foreigners", which must be proved only by facts.

A Chinese comment on this statement translated the phrase as "uniformly and similarly act" and went on to maintain that as a reasonable time for the resumption of tranquility after a war, twenty-four years (1905–1929) was beyond all precedent. Discussion, however, brought out the fact that the real basis of the Japanese position was the lack of confidence in the Chinese government's ability up till the present time to maintain peace and security.

Japan has under the 1905 treaty the right to maintain 12,000 to 13,000 men in the railway zone. Actually there are 7,000 men based on Dairen and under the orders of the governor of the leased territory. It was claimed that, while such a small body of troops could not maintain order over the whole vast territory, yet they have kept order in the railway zone and have in fact acted as a stabilising influence generally. They have great difficulty in keeping the railway and telegraphic communications intact, but conditions are improving. The disturbing factors against which they are maintained appear to fall into three main classes. First is the menace of revolutionary agitation shading into the Japanese fear of the resumption of an aggressive policy on the part of Russia. This was deprecated by the Chinese; but is a real factor in the Japanese attitude.

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[69] *Ibid.*, p. 551.

A second difficult factor has in recent years been the disruptive possibilities of civil war to meet which the Japanese have maintained the railway zone as neutral territory between the contending factions and have prevented either the use of the railway or the crossing of the zone by military forces. This was defended as the only means by which peace and order could have been maintained in the region. A Japanese spokesman maintained that within the past few years there had been numerous occasions when but for the Japanese influence Manchuria would have had domestic conflict or attacks from the south. If these had not been prevented he maintained that southern Manchurian development would have been arrested and the region would have lapsed into chaotic misgovernment like so many other sections of China.

To the Chinese, however, this argument appeared merely as a defence of an altogether unjustified foreign interference with the natural progress of the revolution.[70] The advice tendered by the Japanese envoy to Chang-Hsueh-liang upon his accession to power was also resented as an unwarranted attempt to hinder the unification of China under one national government.[71]

The third group of reasons advanced for the maintenance of the railway guards arose from the Japanese estimate of the weakness of the Chinese government. This was illustrated by reference to the prevalent banditry. It was pointed out by many Japanese speakers that, like many other parts of China, Manchuria suffers greatly from this problem. Statistics were quoted and a map of bandit activities was shown. It was stated that insurance companies charge war-risk rates, or safeguard their policies against the risks incurred by Japanese whose work takes them outside the protected zone. The condition of the Chinese Eastern Railway and also of the Peking-Mukden railway was regarded as unsatisfactory from the point of view of protection and it was contended that the railway guards were absolutely necessary at the present time.

Statistics were quoted by Chinese members in an effort to show that banditry was worse in the railway zone than outside; but it was pointed out that the opportunities and temptations were greatest in the zone because of the number of wealthy residents there and that the statistics could not be compared in point of accuracy. Many Chinese members maintained also that the arms used by the bandits came from Japanese sources. A vigorous repudiation of the inference that Japanese officials connived at this and other illicit trades drew forth a Chinese statement that "good people are everywhere being exploited by undesirables. If every Japanese and Chinese had been loyal to his own government, the whole question would have been greatly simplified. We know that individuals carry on dangerous activities in Manchuria, not under the protection of any government, but largely because of the unjust situation and the complicated issues involved."

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[70] Hsu. pp. 517–23.

[71] *Ibid.*

It was recognised generally that this whole problem of exterminating the activities of bandits was a most difficult one, involving the necessity of Sino-Japanese cooperation in improving economic conditions, establishing sound methods of government and eliminating the abuses of illicit trading in arms. There remained a considerable divergence, however, between the Chinese assertion that the presence of Japanese troops contributed to the disorder by affording the ultimate protection without which undesirables could not foment banditry, and the Japanese view that the problem was primarily due to ineffective Chinese government and was minimised by the presence of Japanese troops.

There was at one stage a brief discussion of the international law regulating the right of one nation to intervene to protect its nationals in the territory of another. Such a right secured by treaty is obviously valid; but the Chinese challenge the interpretation of the treaty conferring this right. International law has in the past recognised reprisals as being necessary in cases where there have been violations of international obligations and where all peaceful means have been exhausted in an effort to get redress, provided such reprisals are remedial rather than punitive. The presence of Japanese troops in Manchuria, however, is more analogous to intervention or preventive action which is recognised as valid only when there is an immediate and extraordinary danger to citizens in the area protected. The spirit of the round-tables, however, was distinctly in the direction of looking towards practical solutions rather than to the invocation of legal principles. The opinion was expressed many times that there was no hope of solution by arguing about treaties or legality. The discussion turned rather to constructive proposals for negotiations looking towards a compromise solution on grounds of practical expediency. These are summarised in the concluding section of this chapter.

(b) CONSULAR POLICE AND EXTRA-TERRITORIALITY

Arising from and connected with the discussions of administration and jurisdiction exercised by the Japanese authorities in the leased territories, the railway zone and the town sites, there were many occasions where Chinese members of the round-tables referred to "incidents" which they held to exemplify Japanese abuses of military and legal authority. A special point of grievance appeared to be the existence in the interior of Manchuria, outside of the railway zone, of consular police. Since the Japanese consuls have been linked up with the Kwantung government, the police under their control, like the railway police and the military detachments which serve as railway guards, function under the general control of the Japanese government.[72]

Chinese charges with respect to these matters fell into three categories. In the first place it was maintained that there were definite infringements of Chinese sovereignty by the use of Chinese territory for military manoeuvers, the existence of Japanese police stations on Chinese soil, the continuance of Japanese post-offices on Chinese soil despite the agreement at the Washington Conference, the use of consular police in following Japanese offenders into Chinese territory, and the enforcement of such regulations as those prohibiting Chinese from crossing the railway zone except at certain hours.

In the second category there was the general charge that the maintenance of extra-territorial and other special privileges by the use of armed forces enabled Japanese nationals to defy Chinese laws and jurisdiction. It was said that Japanese were protected in their refusal to pay taxes and municipal rates, or to obey municipal ordinances. Moreover the charge was repeatedly made that under cover of this protection there were Japanese who engaged freely in illicit trades such as the provision of opium and dangerous drugs and in the supplying of arms to bandits and other lawbreakers. The Chinese authorities, it was urged, were powerless to deal with these urgent social problems as long as the chief offenders could take refuge under the armed protection of a foreign power.

Beyond these two categories lie the incidents in which the Japanese subordinate officials and police were charged with drastic interferences with Chinese citizens even in Chinese territory. The suggestion was made that these interferences amounted at times to terrorism and that there was a general feeling of insecurity on the part of many Chinese even when they lived outside the Japanese zone.

The discussion of this third group of charges was not taken up in detail because of a general feeling that it would not lead to profitable constructive discussion. Individual Chinese members offered to cite evidence of particular cases. A Chinese woman member spoke with emotion of the desire of her fellow-women that she should call attention to their feeling of fear and insecurity. She spoke of an incident in which it was said that Japanese police went upon suspicion and without a warrant to arrest a Chinese citizen in Chinese territory and, failing to find him, arrested and tortured his father, who died shortly after his release. She maintained that there were many similar cases of recent occurrence and that the high-handed actions of the subordinate Japanese authorities had inspired real terror and deep resentment among the Chinese people. Other Chinese members spoke of Japanese police seizing and killing Chinese.

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[72] Royama (pp. 540–47) outlines the organisation of the Kwantung government.

Japanese spokesmen who had intimate acquaintance with Manchuria, while preferring not to enter into counter-recriminations on such matters, maintained that the accusations were based on incomplete and garbled versions of the facts. It was admitted that in the extraordinarily difficult circumstances, abuses sometimes occurred. The task of the police in maintaining order in a restricted but crowded area was made more difficult by the readiness with which criminals could escape into the surrounding territory. Mistakes had doubtless been made; but it was maintained on the other hand that Chinese authorities were either unwilling or unable to cooperate effectively with the Japanese in maintaining law and order. Moreover the Japanese government was stated to be sincerely anxious to check and remedy such abuses. Enquiries had been made in the past and excessive zeal discouraged by reprimand and punishment. Several Japanese members also stated that they would report the feeling of the Chinese on this point and endeavor to have even more effective precautions taken against any repetition of such unfortunate incidents.

The general resemblance of these discussions to those which had been conducted earlier upon extra-territoriality was very clear. In both cases there has been considerable economic development since the foreign privileges were originally granted. Chinese citizens have flocked into the foreign zone and its environs and have rendered the problems of administration much more difficult. At the same time the rising feeling of Chinese nationalism inflamed incidents which might before have passed almost unnoticed.

In many of the cases discussed also, the problem is one of general extra-territorial privileges rather than of specific treaty rights enjoyed by the Japanese alone. Both Chinese and Japanese members agreed on this point and agreed also that the situation would be greatly relieved if and when extra-territoriality could be abolished. The Chinese urged that this constituted an important reason for immediate abolition. The Japanese agreed that such abolition was desirable; but maintained that it depended primarily upon the Chinese authorities giving evidence of their ability to provide the necessary governmental conditions for keeping peace and administering impartial justice. In the meantime it was suggested that with goodwill and patience on both sides, the worst difficulties could be got over. A suggestion for investigating difficult incidents as they arise is described later in this chapter. It was further urged by Japanese members that the psychology not only of young China, but also of young Japan should be borne in mind and that every effort should be made to avoid the creation of such a psychology as that which has arisen from boundary disputes between France and Germany.

There appeared to be some divergence of opinion among the Japanese group concerning the legal basis of the practice of stationing consular police in the interior of Manchuria. Much Chinese resentment was expressed against this practice. After discussion it seemed clear that there was no specific treaty agreement upon which the use of these police could be based. It was stated that the right to station police with consulates was a general privilege of extra-territoriality; but this was challenged. The official Japanese view that the privilege of consular jurisdiction implies also the right to have consular police was not concurred in, even by some members of the Japanese group.

The Chinese members raised the question also of Japanese post-offices still existing on Chinese soil, despite the agreement entered into at the Washington Conference by which the powers concerned agreed to abolish their postal agencies in China conditionally by January 1, 1923. Exception was provided for those in leased territories or "specifically" provided for by treaties.[73] The status of the post-offices in the leased territory is not contested; but Chinese members expressed surprise that there still remained some outside this territory. It was maintained that there was no "specific" right conferred by treaties which could justify their continuance in terms of the Washington Conference resolution. It was pointed out by Japanese members, however, that the terms of the resolution call for agreement between the governments concerned and that an agreement was reached between the Chinese and Japanese governments that the status quo should be maintained as it was in 1910. The post-office system appeared therefore to be established legally according to agreement between the two governments.

The presence of a considerable number of Koreans in Manchuria greatly complicates the relations between Japan and China. The exact number of Korean immigrants is difficult to estimate; but a minimum figure is 400,000 and estimates range as high as a million.[74] The conservative Japanese estimate of 452,362 in 1928 accounts for 69 per cent of the Japanese subjects resident in Manchuria. It may be said therefore that in point of numbers the Koreans represent two-thirds of Japan's problem.

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[73] Young, pp. 206-208. Text of the resolution in *Treaties and Agreements, 1919–1929*, p. 71.

[74] Hsiao, pp. 412–15.

This migration of Koreans was represented as purely an economic movement. A spokesman of the Korean group at the conference made the following statement:

> In placing before you the case of Koreans in Manchuria, I will say nothing to hurt either Chinese or Japanese. There are somewhere between 400,000 and 1,000,000 Koreans in Manchuria. You have probably heard the claim of Koreans that they would return to Manchuria, as the Jews to Palestine, but there is nothing to fear in that. They swarm into Manchuria simply to seek rice. They have been one of the leading factors of the opening of the country. They have opened vast areas to rice cultivation and in that way have helped the Chinese as well as themselves.
>
> You can see scores of poor Koreans with but a few yen, who desire only to live. When the Koreans have improved the land, the landlords turn them out. There should be no cause of hardship between the Koreans and Chinese. It is the presence of undesirables who produce misunderstanding. We have undesirables in Korea, as everyone does. They have made the Chinese think that the Koreans want something more than to live.
>
> The abolition of extra-territoriality has been suggested by some of our Japanese friends. As far as Koreans are concerned, such a step would immensely improve conditions. The charge is that wherever Koreans go, Japanese consular police follow them. This is resented by the Chinese and the Koreans are made to suffer. All we want here is that our Chinese friends, as leaders of opinion, will see to it that the Koreans are given fair protection of life and property.

A Chinese view of the situation disclosed mixed elements. It is apparent that undesirables among the Korean immigrants have led to a general suspicion of all their fellow-countrymen. Their low standard of living also is a cause of resentment. It was said that they have taught rice-culture to the Chinese, most of whom come from wheat-eating districts, and have contributed materially to the economic progress of Manchuria. The increased volume of Chinese immigration in recent years has pressed heavily upon the Koreans, however, and they are finding it more difficult to find an outlet in Manchuria. On the other hand there are large numbers of Koreans who have been settled there for many years, who have regarded themselves almost as Chinese, and some of whom in fact are naturalised Chinese subjects.

Chinese members of the round-tables expressed the view that the Koreans were welcome immigrants as long as they came as colonisers and were prepared to naturalise. The majority of the Koreans are concentrated in Kirin province. A large number of them came there while Korea was a Japanese protectorate and before it had become definitely a part of the Japanese Empire by annexation. A treaty entered into between Japan and China in 1909 stipulates that these Koreans must regard themselves as amenable to Chinese law and jurisdiction. Two questions have since arisen, the claim of the

Japanese authorities to exercise extra-territorial jurisdiction over their Korean subjects; and disputes over the naturalisation of those Koreans who had settled in Manchuria before annexation.

The second question arises largely from the first. After annexation, the Japanese sent consuls and consular police into the districts occupied by the Koreans. This was regarded by many Chinese as another pretext for extending Japan's hold over Manchuria. The Koreans often paid the price in Chinese hostility and victimisation. Japanese members of the round-tables pointed out that on the one hand they were accused of not protecting their Korean subjects as effectively as the Japanese and on the other hand any action taken on behalf of the Koreans was misrepresented and attacked by the Chinese. They argued also that the extension of consular jurisdiction was exaggerated. It was important only where the Korean community was most concentrated and where difficulties were to be expected.

The conflict of opinion over the naturalisation laws is due in part to the divergence of the law governing dual citizenship on the part of the Koreans from the law governing this situation for the Japanese themselves. The Chinese authorities were said to enforce naturalisation by various means of social pressure; but in the cases of difficulty the Japanese have not been in the habit of recognising this naturalisation, even when it took place before annexation. The whole situation is beset with difficulties. The Japanese have to remember public opinion in Korea as well as in China and in Japan itself, and Korean opinion is quick to seize on any cases where expatriated Koreans have apparently failed to receive adequate protection. It is difficult also to distinguish or verify cases of naturalisation before 1910 from those which came after annexation.

Japanese experts pointed out that the law of nationality for Japanese subjects was very liberal. Wherever dual citizenship has been acquired by birth as among the second generation in Hawaii and California, or by naturalisation, Japanese subjects are free to sever themselves from Japan. Procedure is simple and consists practically of registration. The process of naturalisation, it was pointed out, is a matter solely for the country naturalising and Japan has nothing to do with it.

The laws governing Korean citizenship are, however, in a different category and there exist at the present time obstacles to official recognition of the naturalisation of Koreans as Chinese subjects. Japanese members stated that an effort was being made at the present time to coordinate the laws so as to bring Koreans and Japanese on to the same footing. It was stated also that considerable progress had been made in cooperation between the Japanese and Chinese authorities in the region where the Korean population was most dense. The problem was recognised as one of more than ordinary complexity demanding cooperative effort and goodwill on the part of both Chinese and Japanese authorities.

(c) TREATY RIGHTS IN THE INTERIOR

By the original treaties of 1896 and 1898 China agreed to open up certain Manchurian ports for foreign trade and residence. The treaties which concluded the Russo-Japanese war also made provision for an extension of these foreign rights as did the Sino-Japanese treaties of 1915. There is no question of their validity in law and practice.[75]

In the negotiations of 1915, however, Japan demanded from China as part of the Twenty-One Demands the right "to lease land by negotiation" and freedom "to reside and travel in South Manchuria and engage in business and manufacture of any kind whatsoever." These demands were agreed to by China in the treaty respecting south Manchuria and Eastern Inner Mongolia signed at Peking on May 25, 1915, though in the course of the negotiations China successfully resisted the demand that Japanese nationals should be allowed to own as well as lease land in Manchuria.[76]

The situation that has developed since 1915 is by no means satisfactory to the Japanese and is regarded by them as one of the chief reasons why there has been so little emigration of Japanese farmers to Manchuria. The Japanese view of the situation was well summarised in one of the data papers printed below.[77]

> Thus the Japanese right to lease land in the interior of south Manchuria was recognized, but it was recognized merely on the paper of the Treaty. For, soon after the conclusion of the Treaty, the Chinese government issued an order which aimed at obstructing the enforcement of the treaty right, and which prohibited the Chinese subjects under a heavy penalty from contracting leases with the Japanese. Since then, every possible means to obstruct the carrying out of this treaty right of Japan has been practised by the Chinese authorities. And under the present conditions in China, where the judicial authorities are weak and undependable, the mere acquisition of rights by a treaty hardly means anything of real benefit.

The reasons advanced by Chinese members for this attitude of passive refusal to implement Japan's treaty right, were connected partly with the general resentment of Chinese opinion against the Twenty-One Demands and the treaties which arose out of them. It is based partly also upon the fear of Japanese aggression which was mentioned earlier, and upon the general feeling that the sovereignty of China would be further imperilled. There is in addition the very real but rather vague fear of economic domination to which reference was made earlier in this chapter.

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[75] Royama, pp. 537–40.

[76] MacMurray, Vol. II, p. 1220. The kind of lease is further defined in a supplementary note as "a long-term lease of not more than thirty years and also the possibility of its unconditional renewal" (p. 1227). The negotiations are summarised by Young, pp. 136–139.

[77] Royama, p. 532.

The Japanese members contended that the proper implementing of this treaty agreement by the issuance and enforcement of the necessary regulations would be advantageous both to Japan and to China; but that Chinese landowners are at the present time restrained from leasing and Japanese farmers are harried by Chinese authorities. There is in consequence little possibility of exercising an admitted treaty right.

The Chinese reply is first that the right is not now admitted and second that when provisional steps were taken to implement it by Yuan Shih-kai's government in 1915, the Japanese were too impatient and showed signs of going beyond their rights. Chinese opinion was confirmed in its feeling that here was another opportunity for the aggressive policy credited to Japan. As one Chinese member put it, the Japanese farmers would be followed by consular police and in effect a new state would be formed within Chinese sovereignty but divorced from any real control by Chinese authorities. The statement was repeated that colonists would be welcome if they accepted Chinese law and government and were willing to become naturalised; but they were not welcome if they were the advance guard of further political aggression.

The Chinese fears have an economic basis also. One Chinese member with local experience stated these fears clearly.

> The Japanese [he said] emphasise their treaty rights; but in the Chinese mind there is no treaty—only the Twenty-One Demands.
>
> The practical situation is that if the Japanese are given the right to lease land, they will, because of their economic situation, soon control most of Manchuria. Their economic powers are stronger than ours and would enable them to occupy the territory. Our experience is that once they get in, they never get out. The Chinese are handicapped by poverty and lack of organisation. Moreover the Japanese would use their political privileges of consular police, railway guards, etc. Even if the validity of the treaty were acquiesced in by the government, the Chinese people would be against what they consider would result in Japanese occupation.

Another Chinese member referred to what he deemed the scarcely-veiled use of force in securing the sale of land within the railway zone. Considerable pressure was brought to bear on Chinese landowners and he feared that similar pressure would be used if the right to lease land in the interior were made effective. Attention was drawn also to the force of public opinion on this subject in China. The recent treaties which in conceding extra-territoriality obtained from China the right of land ownership were the occasion of demonstrations at Nanking. Chinese members said that the situation in Manchuria was the background of these demonstrations and that, even though the Japanese right in Manchuria was a right to lease and not to own, the Chinese were afraid to let it go further.

This attitude provoked a spirited reply from a younger member of the Japanese group. He pointed out that Japanese do not naturalise, not because their government prevents them, but because they prefer security and protection to the situation in which they would find themselves under Chinese rule. He complained that the Chinese state their objections as confined to Japanese military and political intentions.

But even when these are cleared away and an individual wants to engage in economic activity he is debarred from doing so because of his higher standard of living. In the United States Japanese are kept out because of their lower standard of living. The Japanese have evidently been unsuccessful in dispelling the fear of Japan in the minds of the Chinese. This I lament. If their fears are due to the political and military situation I can sympathise with them. If they are due to the efficiency of our banking and commercial organisation, this is to the credit of the Japanese banks but ought not to exclude peaceful investments. If they are due to economic efficiency, that is the only means Japan has to depend on for the improvement of her economic position. If they are based on grounds of naturalisation the Japanese law permits this but individual Japanese may not care to naturalise because of the conditions of Chinese government.

If China refuses to let Japanese settle in Manchuria even after political suspicions have been dispelled, it raises a question of international importance. Japan is prepared to right wrongs she may have committed; but if China even then continues to object to foreigners coming in, it shows narrow-mindedness and raises large questions. Japanese are handicapped all over the world either because of their high standard of living or because of their low standard of living. If Young China is going to penalise them because they have made themselves efficient, an unfortunate situation will arise. I hope Young China will be more conciliatory than that.

Chinese members pointed out that in the new treaties entered into by China with various powers which have agreed to relinquish extra-territoriality the rights asked by Japan have been freely granted and even exceeded in certain cases. They felt that there was in reality little fear of anything approaching an exclusive policy in Manchuria when outstanding political questions had been adjusted.

(d) FOREIGN INTERESTS AND THE OPEN DOOR

While it was recognised throughout the round-table discussions, that China, Japan and Russia all had vital interests in Manchuria, it was made clear at the same time that many other Powers, particularly Great Britain and the United States, were concerned. The interests of these powers are twofold. They have a general interest in any situation that threatens again to provoke a conflict which may spread into world-war. Nor can they neglect the possibilities of expanding trade and also of capital investment in this rapidly developing region.

Before the Russo-Japanese war, Great Britain and the United States were the most important commercial powers in southern Manchuria, being specially interested in the trade in cotton and oil. British interests were concerned also in the railway which was built from Tientsin towards Mukden. Their investments in this line now amount to £18,000,000. Great Britain also has large trading interests in Manchuria, imports and exports of British goods approximately balancing at a value of about £2½m. annually. In addition there are substantial commercial, banking and manufacturing investments.

In recent years American trade, which in 1928 totalled $33,000,000, has increased faster than that of Great Britain. It was estimated that the South Manchuria Railway since its inauguration had imported at least $75,000,000 worth of American materials and that the importation for the Chinese railways that have been built in recent years was probably greater.

It was admitted that the investments and commercial interests of the countries most concerned were greater in volume and also more vital elements in their respective national economic organisations. The other foreign interests are, however, substantial and the diplomatic history of Manchuria indicates that they cannot be ignored.

The first incident of international importance after the Russo-Japanese war was the controversy that arose over the project for the construction of Chinese railroads with British capital. These projects were objected to by Japan on the ground that China had freely agreed to a secret protocol to the treaty of 1905, engaging not to permit the construction of any railways parallel with and likely to prejudice the South Manchuria Railway.[78] There has been no formal publication of this protocol though it was invoked in the controversy that began as early as 1907.

The controversy is somewhat complicated by the effort of Japanese statesmen between 1905 and 1922 to secure international assent to the doctrine that Japan had "special interests" in Manchuria. The exact connotation of this doctrine was never made clear. It was at one time accepted by the United States government in a general vague sense; but any implications that it carried special economic or political privileges in Manchuria beyond those enjoyed by other powers, were finally dispersed by the Washington Conference proceedings in 1921–2.[79]

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[78] Young, pp. 110–112.

[79] *Ibid.*, pp. 175–182, 241–242, 272–277.

The same may be said of the half recognition of Japanese "special interests" in the decisions of semi-official financial groups such as the various Consortiums. The American scheme for neutralisation of the railroads of Manchuria, put forward by Secretary Knox of 1909 was defeated by Japanese opposition.[80] The consortium agreements explicitly excluded Manchurian railways from their plan of operations. The reorganised Consortium of 1920 did include one such railway which, however, was later built with Chinese capital. In effect the Consortium recognised Manchuria as a Japanese field of investment.[81]

The most notable result of the Washington Conference in this connection was the formal enunciation once more and the elaboration of the policy of the Open Door. This policy, stated with full British concurrence by the American Secretary of State, John Hay, as early as 1899–1900, has been a cardinal element in the policy of all the powers concerned with China. Though the U.S.S.R. was not a signatory to the Nine-Power Pact at the Washington Conference, it is bound by definite commitments to the open-door policy also. Definition of such a policy in detail is all but impossible. Two elements have however been agreed to in somewhat general terms—the Powers have repeatedly agreed to respect the territorial integrity of China and to refrain from any policies which would endanger the principle of equality of trading rights. It is the general opinion that equality of trading necessarily involves the equalising of opportunities for capital investment.[82]

From time to time complaints have been made that the Japanese authorities have violated the principle of the Open Door as far as south Manchuria is concerned. Round-table discussions on this point, however, disclosed a general consensus of agreement that the evidence available did not disclose any such violation of the treaty agreement. It was stated that foreign commercial organisations in China had reported to that effect after careful investigation of charges. Expert opinion supported this conclusion. In particular it was made clear that there was no truth in the contention that the customs administration at Dairen was controlled in the interests of Japanese trade.

Chinese members, while admitting the force of this contention, raised the question as to whether a wider interpretation of the doctrine, so as to include reference to capital investments, would not prove to have been contravened by Japanese policy. In their view the Japanese have been obstructive in their insistence upon controlling or at least sharing in the development of new railways and other enterprises in Manchuria.[83]

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[80] *Ibid.*, pp. 106–10.

[81] *Ibid.*, pp. 104–105.

[82] *Ibid.*, pp. 40–43, 124–125, 185–188, 246–250.

[83] Parlett, pp. 43–44.

A Japanese member pointed out the danger of complicating an already difficult political position by introducing other capital investments with the probability of political rights becoming attached to them; but Chinese opinion did not seem to consider this as great a danger as concentration of such rights in Japanese hands. They contended that Japan insists upon her treaty rights giving her the right to share in the construction and control of new railroads. To do so, they maintained, Japan has to borrow abroad the equivalent of the capital she lends to China. This gives her a further hold over Manchuria; and China would prefer to borrow the money directly.

It was retorted that there was little likelihood at present of any capital being available in this direct fashion and that Japan really acted as a guarantor to the foreign investors. The South Manchuria Railway Company and other Japanese enterprises were said to welcome the prospect of using foreign capital. The policy of the Company had always welcomed such assistance and had never been one of crude monopoly. The harmonization of such a liberal policy dictated by commercial interest, with the governmental policies in which sentimental and strategic interests are more powerful, is a difficult problem of statecraft but is being worked out successfully.

There was a brief reference to the American loan which was projected in 1928 for the further development of the railway; but which aroused strong Chinese opposition and was dropped.[84] To Chinese members the opposition seemed justified as dictated by the alarming prospect of an alliance between American and Japanese investment interests. The economic and financial aspects of the scheme were more apparent in the minds of Japanese members who regarded the opposition as due to mistaken sentiment.

The question was raised as to whether Japan would make objections to other foreign capital being invested in Manchurian enterprises. An American firm was said to be ready to invest in port development and railway improvements at Hulutao. Japanese members expressed their individual judgment that there could be no objection raised.

Japanese objections to other developments are based largely on grounds of economic wisdom; but partly on an insistence upon the scrupulous observance of treaty obligations. In part also they arise from a fear that a network of railways may be built which will encircle and render unprofitable the South Manchuria system. This Japanese system it was pointed out runs cheaply and efficiently. It pays only 6 per cent in dividends and returns most of its profits to the further development of Manchuria.

The rapid development in recent years of Chinese-owned and controlled lines was the subject of discussion in this connection. Many but not all of these lines have been built with the aid of Japanese capital, sometimes with Japanese technical assistance and with a share in control. Statistics of this railway development are given in the data papers printed in this volume.[85]

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[84] Blakeslee, *op. cit.*, pp. 113–115.

The Japanese participation in this building of railroads is based upon treaty rights secured from China in the past and is resented by many Chinese as one important aspect of Japanese economic and political control. It is connected also with the controversy that has persisted for some time concerning the secret protocols of the 1905 treaty by which China agreed not to build lines parallel and competing with the Japanese line. The whole controversy is reviewed in an appendix to Professor Young's "International Relations of Manchuria."[86]

The Japanese attitude is that lines built parallel to the main trunk line are uneconomical and are moreover a direct contravention of treaty rights. In Japan lines thirty or forty miles distant are not considered parallel; but in Manchuria cart haulage is so cheap especially in winter that the distance was deemed to be rather in the neighborhood of 150 miles. Railway construction is needed in Manchuria but the main need is for feeder lines. Moreover it is contended that the Chinese lines are now so arranged as to cut the South Manchuria Railway in half at Mukden.

At the same time many Japanese members laid stress on the changed situation brought about by the very rapid economic progress of recent years. Because of this progress there is likely to be enough traffic to keep busy all the lines now being built. There is less force, therefore, in the feeling against the building of parallel lines. Even so there is still a strong policy against any attempt to build lines parallel to the main trunk system. Japan protested against and refused to participate in the building of the line from Tahushan to Tungliao (Paiyintalai) on this ground.[87] Japanese members of the round-tables urged that Japan was willing to recognise the new economic situation; but that China should be sensible in the matter, since the efficiency of the system as a whole was a matter of such great importance for China in the future.

5. CONSTRUCTIVE PROPOSALS

The preceding summaries, lacking as they must necessarily be in the atmosphere of rapid personal discussion, are yet sufficient to indicate that there was a general recognition of a serious state of tension between Chinese and Japanese opinion. There are enough incidents in the historical background to provide ample material for inflaming public opinion on either side. Little

[85] Hsiao, pp. 406–9; Royama, pp. 564–72.

[86] Young, pp. 258–265.

[87] *Ibid.*, pp. 279–280.

hope exists of agreement upon treaty rights entered into at a time when conditions differed greatly from those of the present. Both parties to this difficult situation recognise the danger of letting matters drift along to conflict; but there is a tendency for each to demand initiative from the other. The Japanese assert their willingness to relinquish political privileges when China shall have displayed her capacity to discharge the ordinary functions of government. Chinese on the other hand insist that Japan should first make a gesture of goodwill. Chinese members of the round-tables made it very clear that Chinese opinion would demand some change in the status quo as a condition precedent to negotiations for a better understanding.

One of the Chinese group quoted the example of Great Britain and urged that Japan should follow the same policy and reap the same reward of China's trust and friendship. He outlined such a policy in five steps.

1. A policy statement making clear that there was no intention of territorial aggrandisement in Manchuria.
2. A consistent effort to eliminate the abuses of extra-territoriality.
3. Progressive abandonment of the political attributes attaching to the administration of the Japanese enterprises.
4. Withdrawal of the railway guards and consular police.
5. The thorough and effective application of the Open Door policy.

Among the Japanese group there was evident a widespread appreciation of the importance and complexity of the whole problem. A considered statement was submitted to one round-table and is reproduced here as a typical expression of the Japanese attitude.

> Japan and China are close neighbors. But their economic relations are not the same as the economic relations between the United States and Mexico, for example. The great country of America has practically everything within her own vast territory. In the case of Japan it is different. She finds herself in an extraordinary position of being dependent for so much of her trade on a single country—China. It is to this Asiatic mainland that we must look primarily for our raw materials and food supply and for the markets of our manufactured goods. The conditions which obtain in China are therefore vital to our existence. Making no claim on this ground to any right of interference in the domestic affairs of China, Japan considers it, at the same time, an obvious fact that she has a practical and extraordinary interest in China and in its peace and welfare.
>
> This interest is not of Japan's seeking. It is created by the facts of geography. A teeming population inhabiting a few islands situated off the coast of a vast continental country, comparable among the states of the world to India alone in respect of numbers, and whose ports command all the avenues to their own shores, cannot but entertain a unique and altogether special interest in its affairs. If the islands of Great Britain were lying off the coast of an independent India, it is impossible to conceive that the United Kingdom would not experience a special

interest in Indian affairs. The United States have from time to time evinced an especial interest in the West Indian affairs, up to the point of intervening in Cuba, Haiti and San Domingo, merely for the sake of securing good and settled government in those neighboring states.

Such historical facts, and we could easily multiply examples, prove that the attitude of one state to another must in the nature of things depend largely upon the intimacy and importance of their relations.

That the law varies with parallels of latitude is an anarchical position which needs no refutation. But that the application of the law differs according to the circumstances of the case is equally self-evident. Conditions which may cause a momentary uneasiness to a distant and uninterested state may be a matter of life and death to a near neighbor The relations of Ireland to the United Kingdom are largely determined by considerations of geography. The geographical position of the Suez Canal makes the relations of Great Britain to Egypt very different from what they would be if Egypt were in Borneo. The proximity of Tunis to Algiers made the attitude of France to Tunis necessarily different from what it would have been, had Tunis been in Palestine.

Let us apply these principles to the case of Japan.

Sixty years ago, Japan was isolated, self-supporting and self-contained. Not by her own seeking, but through the invitation of others, she has now become to a great extent an industrial nation, depending for the life of her population upon the exchange of the products of industry. The major part of this exchange takes, and must take, place with China. It is thus evident that a reasonable, safe, orderly, prosperous and contented China, with which she can count on an uninterrupted normal intercourse, is for Japan an economic necessity. Without the smallest pretension to interfere in the politics, domestic affairs or administration of China, Japan nevertheless feels that it cannot fairly be denied that she and her myriads of people have an interest in the peace and welfare of her great neighbor which is far transcendent of that which can be ascribed to any other of the remoter and less deeply concerned nations. To them, the orderly development of China means much, or means little. To Japan it means everything.

She seeks no exclusive economic privileges in China, still less any political advantages. But she regards it as a matter of self-preservation that China shall continually in truth and in fact be independent, orderly and responsible.

Bearing in mind these basic considerations, it is not at all difficult to see why Japan should be so deeply interested in Manchuria and its affairs. We all know that Manchuria is a part of China's territory. We also know that it was through China's own neglect or incapacity of her government that Japan was compelled to engage in the life and death struggle with Russia some 25 years ago. If China had been strong and responsible as a sovereign state to effectively resist Russian aggression upon her territory and to ward off the serious menace to the people and security of her immediate neighbor—Japan—the latter would have been saved from the great sacrifice of life and property. For Japan the war with Russia was a necessary measure of self defence, caused by China's action or inaction. It was as a result of this war, for which China cannot escape her responsibility that Japan has come to establish her important interests in Manchuria, such as are actually there today.

These established interests of Japan are accomplished facts. Nothing can do away with them, unless it be some future arbitrary use of force employed against the peace of the Far East and at the same time against the acquired rights and security of Japan.

Some Chinese members expressed their disappointment at the comparisons with Mexico and India contained in this statement. Its author hastened to explain that it was a geographical and not a political comparison that was intended; but the quickness with which such comparisons are suspected indicates the sensitiveness of Chinese opinion. As another member of the round-table remarked, the unequal treaties are like a thorn in China's side which must be drawn out before any healing influence can be set to work.

Another prepared Japanese paper set forth a plan for "a mutual non-aggression and inviolability treaty between China and Japan." In a brief survey of the problem, the author of this plan laid special stress on the conflict of attitudes in Manchuria, Japan's fear of China taking hasty action regarding the unequal treaties and the violent anti-Japanese propaganda in Chinese nationalist circles. In view of these difficult problems, it was suggested that a treaty pledging both parties not to resort to violence in the settlement of their disputes would help to create an atmosphere of conciliation within which disputes could be more easily adjusted.

The chief obstacle to suggestions of this sort is the very clear feeling among the Chinese that nothing must be done to give further permanence to the existing encroachments on Chinese sovereignty. China is not willing to sign away what she conceives to be her right to demand the abolition of foreign privileges.

A third Japanese statement recognised this element in the problem. The concluding paragraphs of this statement may be quoted. After a broad survey of the outstanding issues between Japan and China, particularly those relating to Manchuria, the author concluded,

> In my opinion the question must be approached from three angles. In the first place, there should be agreement between China and Japan as to the object of their cooperation. I say cooperation because that is the normal order of their association unless they are to remain in perpetual hostile relationship. There should be a perfect agreement between them that under all circumstances mutual benefit shall be the key-note of their collaboration. And happily they are in a situation, due to geographical propinquity and cultural affinity, to enjoy in full reciprocal courtesy and assistance. This, to my mind, is the most fundamental principle which must be upheld if peace and prosperity is to reign over the serene atmosphere of the Far East.
>
> Granting that it is agreed that they should cooperate with the object of mutual

interest, the next question is: what are its conditions? Friendship presupposes justice; it is not possible to ask for hearty collaboration where some grievance is nursed by either party. China's complaints must be carefully weighed and considered in the light of Japanese claims. Let Japan concede on points where she is asking too much; let China be magnanimous in regard to matters in which she can well afford to let Japan be contented. There should be a spirit of mutual accommodation in both of them.

But in order to thrash out these differences of insistence and claims—this is the third consideration—there should be a special organ to facilitate it. What I wish to propose as such an organ is a joint conciliation board consisting of representative men of China and Japan, properly chosen by the respective peoples as their representatives. Such a Board shall be a permanent body and will hold meetings at a prescribed interval, besides emergency sessions to be called when urgent issues arise. The Board may set up collateral commissions charged with the task of investigating any question which may report their findings to the Board for reference. The Board should be absolutely democratic and stand aloof from government influence. It should reserve, however, the right to advise the government in formulation of policies. Its members should include as many people in varied walks of life as possible, in order to obtain well balanced opinions and judgment.

As to the practical working out of the plan, we might leave that for later consideration. What I wish to emphasize here is its importance, its indispensability. If in the present opportune moment of Pacific conference, the matter be seriously taken up, its realization will be greatly prompted. If it be so desired by the majority, it is quite satisfactory to have an organ set up in conjunction with the Institute of Pacific Relations, provided, however, that only the Chinese and the Japanese are to be authorised members of such a Board. Fully convinced that the creation of such an organ will go a long way toward the harmonious solution of the grave question of Manchuria, and of any other problems that may arise between China and Japan, I sincerely hope that the conference will consider its prompt realization in all seriousness.

There was some misunderstanding of the nature and purpose of the round-table discussions in the practical suggestion put forward. The Institute of Pacific Relations denies itself any such attempts to solve the problems it discusses. There was therefore no possibility that the conference would create or participate in creating such a conciliation board as that which was proposed. The possibilities of such a proposal, however, were a proper subject for discussion and exploration.

It became apparent that there are two broad classes of problems outstanding between Japan and China. A sharp distinction was drawn between the incidents which inevitably arise from the close relationships in which their nationals work in Manchuria, and the broader, more fundamental problems of treaty rights. For the former it is possible that a joint conciliation board might develop valuable functions, for the latter the only conceivable method of negotiation is by using the established machinery of diplomacy.

Many members of the round-tables urged the desirability of new treaty relationships being arrived at by negotiation. A great deal of the psychological difficulty would be taken from the situation if the Twenty-One Demands and the 1915 treaties could be regarded as matters of history. As long as discussions on treaty rights constantly bring these much-resented incidents into the consideration of practical politics, there is little chance of a better feeling. If problems could be considered as they arise upon the basis of a new treaty entered into by mutual agreement, a long step forward would be taken.

There was in the discussion no attempt to disguise the feeling of many members that the real and fundamental divergences of viewpoint offered great obstacles to the success of any negotiations looking towards such a new treaty. The Chinese desire to make progress towards full sovereignty, and Japanese reservations concerning the stability of Chinese government accentuate a natural disagreement as to the preservation or alteration of the status quo and still more disagreement as to the pace at which progress can be made. It was apparent that any progress towards better understanding could only come from sustained effort carrying with it not only the leaders of government, but a majority public opinion also.

There was a fairly considerable body of discussion concerning the possibility of setting up machinery of joint conciliation. The experience of Canada and the United States with the International Joint Commission set up by treaty in 1909 to consider and, in certain cases, settle boundary disputes was cited.[88] It was pointed out, however, that the problems that this commission is faced with are comparatively simple. There is a real feeling of understanding and mutual interest between the two peoples concerned. Moreover no question involving political policy on which popular feeling runs high has been submitted to it. This difference was stressed by a foreign member who cited the failure of the commission set up to investigate the incident of May 30, 1925, at Shanghai. In his view this commission failed because its terms of reference precluded it from taking the psychological background into consideration. Other members pointed out that consideration of the psychological background led quickly to the great outstanding problems of political policy. It was recognised that the effectiveness of any conciliation machinery set up to consider "incidents of friction" would depend largely upon the general relationships existing between the two countries.

After brief consideration of the difficulties experienced by the League of Nations in handling such questions as minority problems and boundary disputes, the consensus of opinion seemed to be that there was room for some joint effort to handle minor problems by a joint commission. The advisability or possibility of such a body handling the larger difficult questions of diplomatic negotiation did not commend itself to many members. It appeared to be the general feeling that such negotiation could only come through the normal channels and when public opinion on both sides had been educated to its necessity.

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[88] L. J. Burpee, "A North American Forum."

Many members, however, expressed the feeling that joint efforts to investigate and settle such incidents as have in the past inflamed public opinion and rendered good relations more difficult, offered a hopeful approach to the problem. The actual method of such investigations would need to be worked out empirically in local situations; but there was a general assent to the statement that experience showed the desirability of a permanent body rather than a succession of committees set up to meet specific situations. In the course of the discussions many ideas were mentioned such as the possibility of using the experience and machinery of the League of Nations; but these ideas were not discussed adequately. Japanese opinion generally seemed anxious about the constantly reiterated suggestion of neutral participation. Preference was expressed for some way by which China and Japan could come to mutual agreement between themselves.

These discussions were rather in the nature of explorations of possible ways of relieving tension. Members of the round-tables appeared to be feeling their way towards some suggestions which might after fuller considertion appeal to the proper authorities as useful and desirable. There was little or no effort to crystallise any particular suggestion; but on the contrary ideas were drawn from many sources for consideration and comparison. The general trend of discussion may well be summed up in a statement made towards the close of the round-tables on this subject.

> Much of the Manchurian difficulty comes out of small legal disputes which are carried to the point of becoming international questions. Could not each side try to alter the policy and attitudes of minor officials? In the second place, there must be particular machinery for particular disputes and for this permanent bodies are needed. In the third place, both sides are beginning to recognise the need for treaty revision in the near future in order to modify and regularize existing treaty provisions.

This brief statement met with approval and was the note upon which the discussion ended.

DOCUMENTATION

The following studies were presented to the round-tables as a basis of discussion:

George H. Blakeslee, *The Pacific Area: An International Survey.* Boston: World Peace Foundation, 1929.

Lawrence J. Burpee, "A North American Forum."

Masanao Hanihara, "Statement on Sino-Japanese Relations."

Chu Hsiao, "Manchuria: A Statistical Survey" (printed below, pp. 380–422).

Shuhsi Hsu, "The Manchurian Question" (printed below, pp. 466–523).

Shunzaburo Komura, "On a Mutual Non-aggression and Inviolability Treaty Between China and Japan."

Yosuke Matsuoka, "An Address on Manchuria: Its Past and Present" (printed below, pp. 594–601).

Shiroshi Nasu, "Land Utilisation in Japan."

E. C. Ning, "Historical Account of the Liao-Ning Province."

Masunosuke Odagiri, "Japanese Investments in China."

Quentin Pan, "Chinese Colonization in Manchuria."

Sir Harold Partlett, *A Brief Account of Diplomatic Events in Manchuria.* Oxford University Press, 1929.

E. F. Penrose, "Agricultural and Mineral Production in Japan."

Masamichi Royama, "Japan's Position in Manchuria" (printed below, pp. 524–93).

Treaties with and concerning China, 1919—1929. Carnegie Endowment for International Peace, 1929.

E. E. Yashnoff, "Chinese Farming in Northern Manchuria" (digest of Russian edition).

C. Walter Young, "Chinese Colonization and the Development of Manchuria" (printed below, pp. 423–65).

C. Walter Young, *International Relations of Manchuria.* Chicago: University of Chicago Press, 1929.

CHAPTER VIII

DIPLOMATIC RELATIONS IN THE PACIFIC

QUESTIONS FOR DISCUSSION

1. What practical reasons require the provision of standing machinery for calling and organising a conference as stipulated by the provisions of the Four Power Pact entered into at the Washington Conference?

   (If there should develop between any of the high contracting parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other high contracting parties to a joint conference to which the whole subject will be referred for consideration and adjustment.)
2. What should be the structural elements of such machinery? How could they be articulated with the existing machinery of the League of Nations?
3. How should they be agreed upon?
4. In what way could the obligation under the Washington Four Power Pact to come to conference, be articulated with the Covenant of the League of Nations and with the Pact of Paris?
5. (a) What obligations of the Pact of Paris are pertinent here?
   (b) What is "War as an Instrument of Policy"?
   (c) What are the "peaceful means" which by the Pact are the only means of settlement now permitted?
6. (a) What measures of constraint short of war (such as boycott or other economic pressure) have been employed as instruments of national or international policy?
   (b) Under what, if any, circumstances might such measures be properly employed?
7. What steps towards disarmament can now be taken in the Pacific, and how?

SUMMARY OF ROUND-TABLE DISCUSSIONS

Chairmen of Discussions:

George H. Blakeslee
L. T. Chen
Jerome D. Greene
Masanao Hanihara
Charles P. Howland
Dame Edith Lyttelton

Recorders:

W. D. Carter	John D. Rockefeller III
Frederick V. Field	Miss Helen Scharrenberg
Mrs. Frederick V. Field	Miss Helen Shotwell
S. Matsukata	Miss Margaret Shotwell
S. Matsumoto	S. Uramatsu
W. D. F. Morrisson	Mrs. Quincy Wright
E. F. Penrose	Hobart N. Young

I. PUBLIC OPINION IN INTERNATIONAL AFFAIRS

The Institute of Pacific Relations is not a diplomatic body. It has no official connection in any way with governmental policy. Its genius is educational rather than political. None of its officers or members hold positions of official responsibility; but on the contrary, when official positions are accepted, that fact has been taken as necessitating the resignation from the Institute of the individual concerned. Within the space of a few months indeed, the Institute twice lost the chairman of its Pacific Council when Dr. Ray Lyman Wilbur became Secretary of the Interior in Mr. Hoover's Cabinet and his successor Mr. Junnosuke Inouye accepted office as Minister of Finance under Mr. Hamaguchi.

The fact must also be re-stated emphatically that the Institute, as such, does not engage in the search for solutions of pressing political problems. Still less does it endeavor to formulate policies and press them upon the governmental officials whose business it is to conduct international negotiations. Some confusion of understanding inevitably arises from the fact that some members may use the new light gained from their fellow-members in the round-tables to bring whatever influence they have in their private capacities to bear on their home governments. A notable instance of this was cited in the British opening statement.[1] For such by-products, however, the Institute takes no responsibility and can claim no credit. It merely provides a forum for the exchange of ideas and opinions. What happens as a result of the mutual education which comes of this exchange is a matter of individual not collective responsibility.

Necessarily the round-table discussions are concerned with the backgrounds of diplomatic questions. This will be clearly apparent from the preceding chapters of the present volume. Beyond endeavoring to illuminate these backgrounds, the Institute has not gone, and does not intend to go, further. The utilization of its discussions is a matter for the proper governmental officials, influenced as may be by individual members of the conference either by direct representation or by their efforts in awakening public opinion.

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[1] Lord Hailsham, "Great Britain in the Orient," *Pacific Affairs,* January, 1930.

While the round-tables therefore refrained from attempting to set themselves up as even unofficial instruments of diplomacy, they could not ignore the question as to whether or not the existing instruments were adequate for the task of maintaining cooperation between the Pacific peoples. The structure of diplomatic machinery, as distinct from its use, was regarded as a proper subject for investigation and discussion.

This subject emerged at the first conference held in 1925[2] and was considered again at the second conference in 1927.[3] The first discussions consisted for the most part of the exchange of elementary information concerning international law, treaties in force in the Pacific area, and the organisation of the diplomatic services. Attention was drawn to the negotiations which resulted in the Locarno Treaties as likely to furnish a precedent for regional agreements providing the security of national defence which is necessary as a basis of international cooperation.

When the second conference met in 1927 the Locarno treaties were in force and events were shaping themselves towards the negotiations that afterwards resulted in the Briand-Kellogg Pact. The round-tables listened with interest to an exposition of the general idea of the renunciation of war, based upon the unofficial text of a draft treaty which was then being widely discussed in the United States.[4] This draft had been drawn in order to illustrate the kind of treaty that was deemed possible between France and the United States; but the round-tables were concerned mostly with the possibility of its being extended to other countries, particularly Japan. It was pointed out that no treaty of arbitration existed between Japan and the United States. Japan's loyalty to the League of Nations and the abstention of the United States from the League was recognised as a complication; but it was pointed out that the text of the treaty had been carefully drafted so as not to conflict with the obligations of a state which had subscribed to the League Covenant. Individual Japanese members of the conference continued their study of the draft treaty upon their return to Japan and contributed a good deal to the education of public opinion in that country concerning the significance of the proposed pact and its relation to Japan's existing commitments.

[2] *Institute of Pacific Relations, 1925,* pp. 131–136 by George Grafton Wilson, "Law and Treaties in the Pacific"; pp. 136–138 by H. Duncan Hall, "Political and Legal Cooperation in the Pacific"; and p. 204, "Round-Table on the Governmental Organisation of the Pacific Countries with Special Reference to Their Machinery for Handling International affairs."

[3] *Problems of the Pacific,* pp. 162–181: "Summary of Round-Table Discussions on Diplomatic Relations in the Pacific."

[4] *Ibid.,* pp. 503-512: "Draft Treaty of Permanent Peace between the United States of America and . . . ," by James T. Shotwell and J. P. Chamberlain.

In the two years that elapsed before the next conference assembled at Kyoto, the negotiations for a treaty renouncing war as an instrument of national policy had been successfully concluded. The Pact of Paris had been signed and ratified by 56 nation-states, including the United States, France, Japan, China, the U.S.S.R., Great Britain and the British dominions. All the Pacific powers, therefore, were bound by this new commitment to renounce war as an instrument of national policy. One of the data papers submitted to the conference was a detailed history of the Pact, together with a survey of the new situation created by the renunciation of war.[5]

The conference met, however, at a time when two of the signatory powers, China and the U.S.S.R. were engaged in a dispute which, without any formal declaration of war, had resulted in warlike acts. The Pact of Paris had been invoked by the Secretary of State for the United States in an endeavor to mobilise world-opinion against any possibility of war breaking out; but its invocation had not been wholly successful and the incident was regarded as a test of the strength and weaknesses of the Pact.[6]

The round-tables at the 1927 conference had discussed in some detail the adequacy of existing diplomatic machinery in the Pacific. In his closing address summarising and interpreting the conference, its chairman, Dr. Ray Lyman Wilbur, had drawn attention to this question in emphatic words.

> In the first place, the most outstanding thing to me is the inadequacy of our international machinery. In the Pacific when we approach the problem of China with our present machinery for the settlement of international disputes it reminds me of a lot of old men gathered around a modern office building trying to hem in a conflagration with buckets full of water. We are simply behind the needs of the times. Instead of prompt emergency measures we have the long, slow process of diplomacy; we have inadequate procedure; but we have had a glimpse at least of the possibility of some advance which might be made in this field of international association. It seems to me that this is our great problem: how to get these contacts established and build up the machinery for cooperating so that things can be done; and in this field, while there are many factors involved, anyone who can present a good idea can be of the greatest service. I am satisfied that those who are working on this problem will take anything that can be used.[7]

Manchuria had been cited as a particularly striking example of the dangerous area in which the diplomatic machinery available was regarded as inadequate to handle issues of conflict that might arise. The situation in that region developed more quickly and more dangerously than had been foreseen.

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[5] James T. Shotwell, *War as an Instrument of National Policy and Its Renunciation in the Pact of Paris.* New York: Harcourt Brace & Co., 1929.

[6] C. Walter Young, *The International Relations of Manchuria* (Chicago University Press, 1929), pp. xix-xxx.

[7] *Problems of the Pacific,* pp. 165–166.

The 1929 conference, therefore, concentrated a good deal of its time and attention upon the Manchurian round-tables for which also a considerable degree of research preparation had been made. The problem of diplomatic relations was viewed therefore in the light of the handling of the recent Manchurian crisis. The scope and possibilities of the Pact of Paris, the position of the League of Nations in regard to Pacific problems, the working of the ordinary channels of diplomacy, the possibility of developing new machinery from the provisions of the Washington Conference treaties which provided for subsequent diplomatic conferences, the need for further diplomatic machinery and the wisdom of considering regional agreements either with or without relation to the League covenant, were all related to an actual situation of present difficulty.

In summing up the conference at the final meeting, the President, Dr. Inazo Nitobe, dwelt on its effect in influencing public opinion in Japan. His opening statement for the Japenese group had dwelt upon the readiness of Japan for international cooperation.[8] This readiness he traced back to historical causes, to the vivid sense of interdependence created by the weakness of her economic situation, and to the mingling of cultural influences in modern Japan. One of the most striking features of the conference, commented on by many members both Japanese and foreign, was the full and accurate attention devoted to it by the English-speaking and vernacular press. The round-tables were maintained as private sessions to which neither the press nor visitors were admitted. At the close of these sessions each morning the round-table chairmen met with the officers of the Program, Research and Press Committees to report the discussions. By this means the Program Committee was able to adjust its arangements for future discussions and the Research Committee to integrate its programme with the need for further investigations disclosed in the discussions. Immediately at the close of this mid-day meeting also the Japanese Chairman and American Secretary of the Press Committee met the press men and gave them full accounts of the morning deliberations. In this way the newspapers were able to carry an unusual volume of news concerning the conference, and for the most part, foreign members were impressed by the accuracy of its presentation.

In commenting on these facts, the President of the conference emphasized again the changed aspect of diplomatic relations which is due to the extension of democracy into the realm of foreign affairs, and emphasized the importance of the conference in awakening public opinion in Japan. Apart from any influence which individual members may or may not exert upon governmental policies, the broadcasting of the Institute's discussions to a wider audience is a matter of some significance. The economic and social factors which have in modern times brought public opinion as a new and powerful element into international diplomacy were briefly outlined at the 1927 conference.[9] These factors were present in the minds of all the members of the Kyoto conference and form a basic assumption upon which the discussions reported below were conducted.

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[8] Inazo Nitobe, "Japan's Preparedness for International Cooperation," *Pacific Affairs*, January, 1930.

2. EXISTING DIPLOMATIC MACHINERY IN THE PACIFIC

(a) THE DESCRIPTIVE MATERIAL AVAILABLE

The first and second conferences both approached the subject of the diplomatic machinery at present existing in the Pacific and its adequacy. The 1927 round-tables had more information at their disposal than those held two years earlier; but this information was general in form, relating primarily to the main instruments available such as the League Covenant and the Washington Treaties.[10]

The Kyoto conference had before it a good deal of more detailed material. A very full memorandum was presented unofficially by members of the League secretariat from Pacific countries, dealing with the activities of the League as they affect the Pacific area.[11] It is to be noted that a large part of this memorandum dealt with subjects which were of world-importance, stressing those points at which the League activities were significant for the Pacific countries. The following list of chapter headings reveals a situation which was of some importance in the ensuing round-table discussions.

1. Introduction
2. The League of Nations and the Peaceful Settlement of International Disputes
3. The United States of America and Membership of the Court
4. Progressive Codification of International Law
5. Financial Assistance in Case of War or Threat of War
6. Reduction of Armaments
7. The Health Organisation of the League, with Special Reference to Its Work in the Pacific
8. The League and the Mandates in the Pacific
9. The Work of the League for the Suppression of the Traffic in Opium and Other Dangerous Drugs
10. The League and Tariffs
11. The Work of the League for the Suppression of the International Traffic in Women and Children
12. The League Organisation for Communications and Transit
13. Cultural Contacts

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[9] *Problems of the Pacific,* pp. 162–165.

[10] *Ibid.,* pp. 168–172; also pp. 513–554.

[11] *The League of Nations in Relation to the Pacific.* Geneva, 1929.

It will be noted that of these thirteen chapters, only two deal specifically with the Pacific, and both of these relate to departments of the League's work, Mandates and Public Health, which are world-wide; but of which the Pacific sections may for convenience be considered regionally. For the rest, the opening paragraphs of the introductory chapter may be quoted as indicative of the close relation of Pacific problems to those of the world in general.

> It is difficult to set precise limits to a memorandum on aspects of the work of the League of Nations of particular interest to the Pacific; the wider issues, such as, notably the prevention of war and the reduction of armaments, are of particular interest everywhere. There are other subjects, like the whole range of developments in trade, commerce and economics, which have a bearing on relationships in general, not only because they have their own importance, but also because they represent the accumulated and still accumulating efforts of so many States from all continents; least of all is it possible to isolate the problems centred upon the prevention of war and the peaceful settlement of disputes as a matter of less interest in one corner of the world than in another. The difficulty of setting this limit is accentuated by the fact that in every one of the general problems just cited, as well as in others, there is almost absolute universal cooperation between all States, whether Members of the League or not. The temptation, therefore, is to give a comprehensive view of the character, methods, machinery and work of the League of Nations as a whole, for only in this way would it be possible to demonstrate the principles upon which so many States in the world have been ordering their corporate existence in so many ways during the last ten years. They go deep and spread wide, and, as the programme of the Institute of Pacific Relations shows, their consideration cannot be properly excluded. At the same time, it is equally obvious that, without fixing an arbitrary limit, there are problems which concern more especially the Pacific Area. Some are matters which have been submitted by States in the Pacific neither to the League of Nations nor to any other body, ad hoc or permanent; they remain matters of individual diplomatic action, or, perhaps, are not yet ripe for international action at all. Nevertheless, so far as the League is concerned, there are questions, like mandates, health and the traffic in opium, which may be considered as of specific interest, if not of paramount importance, in the Pacific Area.[12]

This comprehensive statement was supplemented during the conference by a brief memorandum submitted by one of the observers sent by the League, incorporating the new developments which had transpired during the Tenth Assembly (1929). These were concerned with the attempt to harmonise the Covenant with the Pact of Paris, the consideration of the Chinese "unequal treaties" under Article XIX, added signatures to the Optional Clause, revision of the Statutes of the Permanent Court to facilitate United States membership; progress towards security and disarmament; and further progress in economic questions such as the proposed tariff truce, in the regulation of the opium traffic, and in health organisation.

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[12] *Ibid.*, p. 5.

The secretariat of the International Labour Organisation also submitted a memorandum designed to explain the construction and working of the I.L.O. with special reference to the Pacific.[13] An interesting feature of this document was set forth in an introductory note as follows:

> The fruitful and harmonious development of relations between the Institute of Pacific Relations and the International Labour Organisation could not have been better symbolised than by the invitation extended to the International Labour Office by the Institute to be represented officially at the Third Conference of the Institute at Kyoto. Different in constitution and composition—for, as will be seen below, the International Labour Organisation is an association of States—the two organisations have many ideals and problems in common. To promote international and social peace based upon justice is the principal aim of all their activities. In futhering this aim within the Pacific area the Institute is inevitably confronted with many complex problems in which relations between States in labour matters, between employers and workers, between workers and the State, and between workers of different races are important factors. The International Labor Organisation deals with these problems on a world-wide plan. There is, therefore, much to be gained by the constant interchange of information and experience between the two organizations as well as by close personal relations between their representatives

With this object in mind the memorandum, after explaining the composition of the International Labour Organisation and the extent to which the Pacific countries have cooperated with it, went on to take the Kyoto conference agenda subject by subject in order to show how the work of the two organisations supplement and reinforce each other. The I.L.O. is interested in the conditions of agricultural labour; in the whole question of migration; in industrial labour conditions in such countries as China and Japan and in the whole range of questions affecting native labour in the Pacific Dependencies.

Somewhat extended reference has been made to these documents because pressure of space in this record unfortunately prevents them from being printed in full and also because in themselves they illustrate so well the interlocking of the new machinery of international cooperation. The relation of regional to world organisation and of unofficial efforts such as the Institute of Pacific Relations to official governmental organisations are two aspects of the problem of international intercourse in the modern age, which are of peculiar importance.

Other data papers submitted to the round-tables are indicative not only of the range and importance of the subject; but also of the newness of its problems. The American Council submitted a set of papers which dealt largely with the problems of definition of categories and relationships and the evolution of new methods in a new world order. The difficult question of neutrality was examined historically.[14] Another paper examined the position of the United States on the Most Favoured Nation Clause in Commercial Treaties.[15] The full statement of the origins and implications of the Pact of Paris,[16] was supplemented by a reprint in which the same authority discussed the dependence of disarmament upon the building up of cooperative machinery.[17] The Council on Foreign Relations also made available a substantial publication surveying American Relations in the Caribbean, so that comparison and contrast might be made if necessary with Japanese relations on the mainland of Asia.[18] Another American paper described the conference methods being worked out in industrial relationships.[19] The relevance of this material may perhaps best be described by the quotation of the following excerpts from the foreword by the secretary of the American Council.

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[13] "The International Labour Organisation and Pacific Countries."

> Of course, there have always been methods of arbitration and conciliation, in industry as well as in other fields of conflict. What, then, is this new idea which increasingly finds embodiment in the practical arrangements for dealing with differences? It is fundamentally this: Under the old systems many factors were assumed to be static and unchangeable; negotiation took place in an area of selected interests which different parties to any given dispute might be expected to hold in common. Thus, it was hoped that, with the right impetus, they might be driven to accept compromises which would slightly overlap the area of previous agreements and so narrow down the areas of remaining difference. The new basis of conference is that all interests and all motives are plastic and, provided there be a change in situation, can be modified: There are no "fixed" factors to be reckoned with in all circumstances, and no "inherent" differences of character that defy settlement by mutual consent. Both interests and motives are viewed as able to grow; and so the conference method becomes one which attempts to bring to bear upon them fresh stimulations. These are intended to break up old, seemingly static, associations of ideas and, by changes and redistributions of emphasis, to keep the separate

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[14] Joseph P. Chamberlain, "The Embargo Resolutions and Neutrality," *International Conciliation* (June, 1929), *No. 251*. Carnegie Endowment for International Peace.

[15] Charles Cheney Hyde, "The Position of the United States on the Most Favoured Nation Clause in Commercial Treaties." American Council, I.P.R., 1929.

[16] James T. Shotwell, *War as an Instrument of National Policy*. New York: Harcourt Brace & Co., 1929.

[17] James T. Shotwell, "Disarmament Alone No Guarantee of World Peace," *Current History*, September, 1929.

[18] Charles P. Howland, *American Relations in the Caribbean*. Yale University Press, 1929 (afterward incorporated in *Survey of American Foreign Policy, 1929*.)

[19] Joseph P. Chamberlain, Sidney Hillman, and Eduard C. Lindeman, "Conference as an Agency of Industrial Progress," American Council, I.P.R., 1929.

desires and policies flexible enough for new integrations with those of other parties to the issue.

Obviously, there are many intermediate steps between the older point of view which regards conflict as wasteful disharmony, calling for suppression or compromise, and the newer point of view, which regards it as a natural phase of social process that can be directed away from strife toward helpful growth. And the examples given in the following pages are of such intermediate stages with much still to be done before all traces of the old belligerent attitude in industrial relations are wiped out. Nevertheless, since the lessons of the first successful experiments in the use of democratic conference methods have spread their influence, there has been a noteworthy decline in the number and duration of strikes in the United States. Of course, many factors have helped to bring about a decline of the days lost through labor disputes in the six years 1923—1928 to less than one half of those lost in the previous six years. But it may be claimed, perhaps, that the economic upward trend of American business and industry since the war might have been accompanied by additional strife for new advantages between capital and labor if it had not been for the enlarged common experience of a better way to determine the respective shares. And it is not, perhaps, a hazardous guess that this successful experience of democratic, integrative procedures in the settlement of economic differences at home has helped to make the leaders in American government more disposed toward the use of similar methods in foreign relations.

In addition to these essays on various angles of the new problem presented by modern international relationships, there was a definite statement of the "existing agreements for preserving peace in the Pacific,"[20] and a supplement to MacMurray's invaluable collection of treaties "with and concerning China."[21]

One of the Australian publications contained a chapter which offered a model presentation of the treaty and other international relationships of a single Pacific country, in this case a British Dominion.[22] It was an Australian paper also which presented the first considered statement of the problems of the Pacific as a regional area.[23] It will be apparent also that much of the material presented to the round-tables which discussed China's foreign relationships and the problems of Manchuria,[24] and most of the opening statements presented to the conference[25] were pertinent to the discussion of diplomatic relations in the Pacific. A set of new problems was presented by the Japanese group when it raised the question of such "peaceful" methods as the boycott endangering international relationships.[26] Other Japanese papers summarised in the form of charts the present naval situation among the great Powers[27] and the recent development of Japan's diplomatic relations.[28]

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[20] George H. Blakeslee, *The Pacific Area,* Chap. VI.

[21] *Treaties and Agreements with and Concerning China, 1919–1929.* Carnegie Endowment for International Peace, 1929.

[22] Persia Campbell, R. C. Mills, and G. V. Portus, *Studies in Australian Affairs,* Chap. VIII by K. H. Bailey, "Australia's Treaty Rights and Obligations."

[23] F. W. Eggleston, "Australia's View of Pacific Problems," *Pacific Affairs,* January, 1930. See also, "Report of Round-Table on International Relations in the Pacific."

[24] See above, Chaps. IV–VII.

[25] Printed in *Pacific Affairs,* January, 1930.

From the Canadian group came a statement of Canada's developing international relations.[29] The Canadian opening statement also dwelt on the recent exchange of Ministers between Canada and Japan[30] just as a New Zealand data paper emphasized the importance in that dominion's international development of the trade treaty recently concluded with Japan.[31] By such facts as these it was made apparent to the round-tables that not only was there a general stirring of international interest between the Pacific countries as part of the world-wide peace movement; but in addition the facts of geography and economic progress were driving the Pacific peoples into closer relationships.

Two other Canadian papers threw a good deal of light upon practical problems of international cooperation. The first dealt with the effective international arrangements entered into between Russia, Britain and the United States for the control of the fur-seal fisheries of the Pribilof Islands as contrasted with the very different situation in regard to the halibut fisheries in the North Pacific.[32] The second gave a brief but illuminating account of the origin, structure and working of the International Joint Commission which for the last twenty years has investigated and in many cases settled boundary problems between Canada and the United States.[33] This paper was particularly useful in the round-table discussions as an example of the successful working of joint administration based upon mutual cooperation. As the succeeding sections will indicate, it was cited as a possible model upon which China and Japan and China and the U.S.S.R. might construct similar machinery for the negotiation of Manchurian questions.

[26] Masunosuke Odagiri, "The Boycott in China" (printed below, pp. 377–79).

[27] Captain M. Yasutomi, "The Question of Naval Disarmament."

[28] Y. Takaki (ed.), *Western Influences in Modern Japan* No. 12 by J. Shinobu, "The Diplomatic Relations of Japan."

[29] Sir Robert Borden, "Memorandum Respecting Canada's International Relations and Their Development Since the Last Biennial Conference."

[30] Newton W. Rowell, "Canada Looks Westward," *Pacific Affairs,* January, 1930.

[31] Sir James Allen, W. N. Benson, Walter Nash, and G. H. Scholefield (eds.), *New Zealand Affairs,* Chap. XI.

[32] Robert A. McKay, "The International Control of Fisheries on the High Seas with Particular Reference to the Pacific."

[33] Lawrence J. Burpee, "A North American Forum."

In addition to this material specially prepared for the conference, one of the round-tables had the advantage of a dissertation prepared as a university study under the direction of one of its academic members.[34] The charts and diagrams reproduced in the documentary section of this volume giving a conspectus of all the treaty relationships at present existing in the Pacific were tabled for reference and were exhibited as a graphic summary of the existing diplomatic machinery in the Pacific.

(b) THE RECENT DEVELOPMENT OF INTERNATIONAL MACHINERY

Using this as a starting point, an American expert on international law pointed out that there were three possible ways of settling international disputes. The first was the historic method of dictation imposing the will of the stronger party, the logical result of which was war.

The second method was negotiation, the most familiar and still the most important machinery for which was the device of using permanent diplomatic representatives. With recent years, however, the work of these resident, professional diplomats has been supplemented by a variety of devices. Agreements to accept mediation by a third party, to use temporary or permanent commissions of inquiry, or commissions of conciliation appointed by mutual consent have been of growing importance. Since the world-war also there has rapidly developed a great extension and amplification of the conference method of settling disputes.

The third method cited was legal as distinct from the military and political—the method of adjudication either by reference to a specially created tribunal or by the use of permanent machinery such as the Permanent Court of International Justice. Such reference may be agreed to after the particular dispute has arisen or may become automatic by prior agreement to refer all or certain classes of disputes to some arbitration tribunal or judicial institution.

The extent to which such agreements exist in the Pacific is indicated by the charts and diagrams printed in the documentary section of this volume. To anyone unfamiliar with the complexity of international relationships, the multiplicity of treaty agreements may seem confusing; but the fact was emphasized that in the Pacific such agreements are noticeably thinner and weaker than in Europe, and that the network is particularly thin just at the most dangerous points. Moreover, it is on the basis of such detailed agreements entered into first by bilateral and later by multilateral treaties, that the principles have been established and the procedure developed which alone have made possible the creation of international organs such as the League of Nations.

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[34] Max Richard White, "Treaty Provisions for Peaceful Settlement among the Pacific States" (unpublished dissertation for the degree of Master of Arts in the University of Chicago).

Such new machinery, it was argued, does not spring into existence suddenly; but is gradually developed by a process of trial and error and both builds on and incorporates the established practice of international cooperation which has been worked out slowly in fragmentary agreements.

The recency of this development of international law and practice was emphasized. Though the first compromisory clause agreeing to abide by the result of arbitration is found in a treaty between the United States and Tripoli as far back as 1796, the modern growth of such practices really dates from the middle of the 19th century. After an agreement between the United States and Mexico in 1848, many such clauses found their way into treaties between the American states. The treaty of 1854 between the United States and Britain is a landmark which clearly reflects the peace movement generated by the recognition of economic interdependence as the Industrial Revolution developed. It is significant also that the first multilateral treaty containing such a compromisory clause was that which in 1874 established the Universal Postal Union. It has been the increasing frequency and effectiveness of communication that has been mainly responsible for the necessity of finding some other means than war of settling international disputes.

The settlement of the Alabama case by arbitration in 1872 gave a great impetus to the movement in which the American states again took initiative. The calling of the first Hague Conference in 1899 is another landmark, not to be discounted because of the apparent failure of the idealism which promoted it, to destroy war at a single stroke. From this conference sprang two lines of development, a Permanent Court of Arbitration, and the device of commissions of inquiry, the potential value of which was strikingly illustrated in the commission which enquired into the Doggerbank incident of 1904. After the first Hague Conference there was a great increase in the number of bilateral treaties of arbitration, over 60 being negotiated between 1901 and 1907 when the second Hague Conference met. This conference improved the device of commissions of inquiry and also produced the so-called Porter Convention which foreshadowed later developments by securing general agreement for the renunciation of the use of force in one particular class of dispute —the collection of debts.

It was pointed out in one of the evening lectures that one of the reasons why this developing machinery was unable to prevent a lapse into barbarism in 1914 lay in the fact that the Hague Conferences and the devices which grew out of them were concerned rather with disputes than with constructive cooperation between the nations. The Bryan treaties entered into by the

United States in 1913-4 had gone one step further by providing for permanent commissions of enquiry but left an important gap in the Pacific[35] and were not implemented. It remained to the post-war generation, however, to use previous experiments and to capitalise the feelings aroused by the sharp lessons of the war.

Since 1919 the most notable advance has been the creation of the League of Nations which has used and developed in varying degree all the previously existing devices of peaceful international adjustment of disputes, such as mediation, inquiry, conciliation, arbitration, and adjudication. The extent to which these methods are being pushed forward by more exact definition of principles, the devising of practical methods, and the securing of popular and official acceptance, is apparent from a perusal of the memorandum submitted by the League secretariat for the consideration of the round-tables at Kyoto. It was emphasized that this progress is primarily due to the use by the League of the method of conference. Face to face discussion by responsible statesmen committed by their obligations under the Covenant to the finding of peaceful solutions and conscious of a strong background of public opinion has resulted in real effort to discover and create workable methods. It was effectively pointed out also that the method of conference in itself is not a magical new discovery, still less an infallible nostrum. What has been so effective is conference under the double constraint of contractual obligations and an awakened public opinion.

The further fact was stressed that the League of Nations has gone beyond the conception of adjusting disputes to the more fundamental conception of encouraging and developing constructive cooperation in matters of common interest. The work of the International Labour Organisation and of the technical sections of the League itself is important not only for the intrinsic value of the tasks performed; but for its effect in building up the idea of cooperation on common tasks and familiarising different groupings of interests with the principles and practice of international consultation and administration. Many examples were cited. One evening, for example, was devoted to a series of lectures in which an American member explained the administration of a refugee settlement scheme with which he had been connected, League officials outlined the work of the Health and Opium sections, a British woman member spoke of the social work, a Chinese of the possibilities of using the League machinery in the Far East as it has been used in Europe, and an American of the increasing extent to which the United States has cooperated in the practical constructive work undertaken.

Perhaps the most notable example cited was the very recent extension of the conference method to economic as well as financial cooperation. A data paper outlined the principles that had been followed in the various European schemes of financial reconstruction.[36] The extension of those methods and principles into less urgent but perhaps more important fields of economic importance such as tariffs, trade law, double taxation and the treatment of resident aliens, was regarded as even more important.

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[35] With Japan, caused largely by failure to reach a prior agreement on a dispute which had arisen concerning Californian alien laws.

(c) THE LEAGUE OF NATIONS IN THE PACIFIC

While there was general recognition of the importance of the activities of the League of Nations both in regard to its methodological advances and its educative influence on public opinion, there was some challenge as to its present usefulness in the Pacific. It was recognised that great strides had been made in method, and that these had been accomplished by actually working out difficult situations, mainly in Europe. Many members argued, however, that there were distinct limitations to its usefulness for Pacific questions either in the past or in the future. From this argument it was deduced that there was need for some different machinery in the Pacific, using League experience and methods and perhaps cooperating with the League but independent of its present organisation.

On this point there was an interesting cleavage of opinion, not wholly on group lines. For the most part, however, American and Chinese members of the round-tables, whatever their personal opinions, were very conscious of a background of public opinion in their countries which is distrustful of, and sometimes hostile to, the League. It was further pointed out that the U.S.S.R. is not a member of the League and has been less cooperative with it than either China or the United States. With these three important Pacific countries either absent or not wholly cooperative, the League's power is obviously weakened as far as Pacific questions are concerned. It was argued that its impotence has been demonstrated by the recent threat to the peace of the world created by the dispute between China and the U.S.S.R. over the Chinese Eastern Railway. At another time it was pointed out that the Geneva Disarmament Conference had been a failure while the Washington Conference on the whole was a success, and the forthcoming London Conference has not been called under League auspices. To this the reply was made that the continuous work being done by the League's Disarmament Commission and the corresponding section of the secretariat must be regarded as contributing to any successes so far achieved or to be achieved in the Pacific or elsewhere.

It was generally recognised that on any important political question affecting either the United States or the U.S.S.R. the League had not been effective and that this greatly reduced its political influence in any crisis of Pacific affairs. On the other hand, attention was drawn to the steady growth of those parts of its work in the Pacific, such as those under the Health and Opium Sections, in which it has been able to secure the cooperation of the United States and in some degree of the U.S.S.R.

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[36] "Principles and Methods of Financial Reconstruction Work Undertaken by the League of Nations."

A point was made also of the great accession of strength which has resulted from the signing by Great Britain and the British dominions of the Optional Clause by which they recognise the compulsory jurisdiction of the Permanent Court. Japan, however, has not yet signed this clause which was left optional in the Statutes under which the Court was set up; but equally with other signatories is bound by Article XI of the Covenant.

During the course of the discussion the prevailing attitudes of the various Pacific countries were interestingly portrayed. In an evening lecture the point was made that

> When the history of the League comes to be written, it will be found that two countries played a great part in its formation and work. One was Canada and the other Japan. In a sense it may be said that Canada in proportion to its resources has played the part which it had been hoped the United States would play. But in any case it is a fact that these two countries both far removed from European affairs have taken an outstanding part in the development of the League and have contributed greatly to the presentation of the idea that the League is far more than a European body. If any further evidence is needed of the very real change that has come over the League's outlook since Locarno, one need only compare the tone of the speeches before the Assemblies of 1925 and of 1929.

In the opening statements also and at various points throughout the discussion, the devotion not only of Canada but of Great Britain and of Australia and New Zealand to the organisation and principles of the League was made very clear.[37] An American suggestion that Canada's recent extension of her diplomatic services indicated a tendency to depart from the unitary conception embodied in the League of Nations was received with scepticism by Canadian members. The position of Japan was just as unequivocal.[38] Repeated statements were made in the round-tables to this effect.

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[37] *Pacific Affairs,* January, 1930, pp. 5–6, 18–19, 31–32.

[38] *Ibid.,* pp. 55–56. See also *Western Influences in Modern Japan,* No. 12 by J. Shinobu, "The Diplomatic Relations of Japan," pp. 26–27.

"It is the settled policy of Japan to co-operate with these foreign powers through the agency of the League of Nations and to stand second to none in offering sincere and faithful service on behalf of international peace. The prestige of the League of Nations is steadily increasing and Japan as a permanent member of the Council, has rendered every possible service toward the attainment of the primary objects of the League. At home there has been increasing understanding among the people regarding the character of the League, as well as a growing faith in the organization as an important center of

The position of the United States in relation to the League was canvassed fairly fully at the 1927 conference.[39] This position was broadly re-stated by American members of the round-tables with perhaps increasing emphasis on the extent to which the United States is in fact cooperating in the technical activities of the League which are of world-wide importance. The large and representative delegation which participated in the World Economic Conference was cited as an example. It was stated also that the settlement of the recent dispute between Bolivia and Paraguay helped a good deal by showing that the League could function harmoniously with the Pan-American Union and that its work was not inconsistent with the Pact of Paris. The negotiations looking towards the adherence of the United States to the Permanent Court and the readiness of the League Powers to facilitate its adherence were mentioned also. Some friendly interplay between Canadian and American members on the subject of the League was of course inevitable; but on the whole there was an apparent readiness to accept the present position as a workable compromise.

The attitude of Chinese public opinion was discussed at more length. Many of the Chinese members were frankly suspicious of the probity of League procedure as well as its effectiveness in the Pacific. The argument was advanced that it was more effective in Europe, where there was not only a relative equality of economic development and political status but also a homogenous political outlook, than it could possibly be in the Pacific. Apart from this philosophic rationalisation, there was a general feeling that China had received both injustice and neglect, that the League was too far away, too absorbed in European affairs, and too much under the domination of the great powers against whom China's appeals were mainly directed. The reaction of American influence was also noticeable. Lack of confidence was expressed by one Chinese member in "the old diplomats who run the League in Europe."

Historical reasons are important also. Apart from the "bad features which led to the refusal of the United States to join", Chinese public opinion

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international politics. Upon the termination of the World War, the late Emperor Taisho issued a special rescript in which there was the following passage:

"'It is our policy in international relations that Japan shall always follow international justice and act in accordance with the international moral code in order that the object of the League of Nations, the peace of the world, may be fully attained.'

"As His Majesty's loyal subjects, the Japanese people have faithfully obeyed his instruction. With one mind and heart the people are trying to contribute toward the realization of the idea expressed in the Imperial message. This is also true of the Anti-War Pact which is viewed unanimously as supplementary to the League Covenant. For the maintenance of peace both are necessary."

[39] *Problems of the Pacific,* pp. 170–172.

has specific grievances. One Chinese member remarked that "China hardly takes the League seriously—two historical cases shattered our faith entirely." A British member challenged this view and pointed out that the Shantung and Tsinan incidents never came before the League. Another Chinese member supported this view and pointed out that the League was not in existence when the Shantung controversy was acute. The League, he maintained, could not be blamed for the Versailles conference attitude on this question. It was still maintained, however, that Chinese faith in the League was at a low ebb. "It is hardly fair to China" said a Chinese woman "to ignore how hopefully China brought up her case at Paris, especially as the League corresponds so nearly with Chinese ideals. China has been told so often since that she must set her house in order that she no longer expects the League to take her seriously."

It was contended that the League did not and could not act concerning the Tsinan incident because the question was not brought before it. If there had been a national government in China at that time, it was argued, and if that government had duly acted, the League must have discussed the question. If there was any failure it was the failure of the Chinese government. In reply Chinese members pointed out that the League had paid scant attention to Chinese questions. It was said that

> China is unfairly treated in the League. It has no seat on the Council in spite of its large population. There is only one Chinese member in the secretariat—in the Information Bureau—and only three or four positions are held by Chinese in the International Labour Office and those are merely clerical. Intellectual leaders are of the opinion that the League has no interest in Chinese affairs and no real understanding of the interests of the Chinese people. It does not fully comprehend oriental problems and cannot at present direct adequate attention to them. This failure of the League regarding China's affairs in particular is not so much due to the machinery of the League as to the presence of certain Powers in it.

On the other hand a Chinese speaker who actually helped to draft the Covenant and was fully aware of the disappointment of China's hopes at Versailles spoke hopefully of the future possibilities of the League for China:

> It seems to me at the present time that there are three special points at which China is interested in the League's work, and at which she might have valuable assistance from the League. First of all is it not possible that the Manchurian question might be settled through the machinery of the League somewhat in the same way as the Shantung question was settled at the Washington Conference? Secondly, China is deeply interested in Article 19 of the Covenant which provides for the reconsideration of treaties and agreements which are no longer applicable to the parties. Thirdly, there is the problem of China's financial reconstruction and the possibility of League cooperation and assistance. In this respect I must mention and commend to your attention a significant contribution to our conference papers, in the shape of Mr. Wu's pamphlet on this same possibility. It would

> seem that if we are to seek outside assistance in our financial rehabilitation, the League of Nations is the body to which we ought to go.

The situation of the U.S.S.R. in respect not only to the League but to diplomatic relationships generally could only be stated in general terms by western members in the absence of any Russian members authorised to speak in the round-tables. The opening statement for the American group contained a significant interpretation of American opinion

> American relations with the Soviet Union remain unchanged, though trade between the two countries is countenanced by our government, and has assumed considerable proportions. We should like the Russian people to understand that there can be no effective opposition from other countries to their collectivistic experiments as such. In this practical age, a thing which works well, and obviously conduces to the greatest welfare and happiness of the greatest number, cannot be ignored just because of the label it bears, however great may have been the previous opposition to the idea it embodies. A large part of the world may believe that the Russian experiment cannot succeed, but, in the long run, beliefs must yield to the test of experience. In my own opinion, the best chance of imitation or extension for the Soviet system lies in the demonstration of its merits in practice. Nothing can do more to maintain hostility to the system, and to prevent its adoption by other countries than the apprehension that the overthrow of other social orders by methods other than peaceful demonstration is a part of the Soviet program.
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> Meanwhile intercourse between the peoples of the Soviet States and the peoples of other countries is highly desirable. Especially is it to be desired that the legitimate interests of the Russian people in the Pacific area should be expressed in a conference like this. Their country is far too important, actually and potentially, to make it possible for Pacific problems to be solved without taking the Soviet Union adequately into account and getting its full contribution to their solution.[40]

Similar statements were made in the course of the round-table discussions. There was general regret at the absence of a Soviet group free to participate fully in the discussions and several statements were made concerning the desirability of building up contacts between the U.S.S.R. and the various Pacific countries.

It was pointed out, however, that public opinion in the United States was not unanimous in such a view and that one of the main hindrances to the United States recognising the Soviet State was the definite and strong opposition of organised labour. Commercial interests are on the whole favourable to recognition. The questions of propaganda and the activities of the Third International are touched upon later in this summary. The opinion was expressed that within the U.S.S.R. itself there is a growing recognition of the failure of the communist movement fostered by the Third International in China and of the harmful reactions of that movement upon the interests of the Soviet State not only in China but in the world generally. Marxian opinion readily tends to accept the view that revolution cannot be forced unless it grows naturally from the economic conditions within a country. In the same way it was stated that there was apparently an abatement of the feeling that there was a conspiracy of the Powers to crush the Soviet.

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[40] Jerome D. Greene, "American Attitudes and Relations in the Pacific," *Pacific Affairs*, January, 1930, p. 68.

There seemed a general disposition in the round-tables to accept the view that the foreign relations of the U.S.S.R. hinged largely upon the attitude of the United States. One member ventured the opinion that if the latter were to join the League, the U.S.S.R. would not be long in following or at any rate cooperating.

(d) THE OPERATION OF THE PACT OF PARIS

The signing of the Kellogg Pact for the renunciation of war as an instrument of policy was recognised as a forward step of some importance in the Pacific. A typical statement concerning it was made in the opening address presented on behalf of the British group.

> By its signature every constituent part of the British Empire, in common with some fifty foreign Governments, has renounced war as an instrument of national policy in the most formal manner. The Pact has been criticised for the absence of positive sanctions. There is justice in the criticism, but nevertheless the weight of the moral obligation which the agreement imposes upon its signatories is not to be underestimated. To break the Pact means a loss of moral prestige and a defiance of public opinion throughout the civilised world; risks which no nation will lightly take. It was never expected by serious people that by the signing of the Pact of Paris the nations would arrive at their goal of permanent universal peace. The Pact is only one step on that journey. The universal acceptance of its obligations has created a greater sense of confidence between nations and has imposed on the Governments who have exchanged the undertaking to renounce war the immediate duty of deciding together on the practical steps by which international disputes shall be settled by peaceful means. In this spirit Great Britain signed the Pact of Paris.[41]

This statement went on, however, to point out that the signing of the Pact devolved upon the governments concerned the responsibility of devising practical machinery to ensure the peaceful solution of international differences, and to stress the fact that "the British people retain unimpaired their belief that the League is the instrument best fitted to achieve this work."

There was naturally some criticism of the absence in the Pact of any provisions for, or even definitions of, peaceful settlement when war was formally renounced. The criticism contained in the note of the U.S.S.R.

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[41] Lord Hailsham, "Great Britain in the Orient," *Pacific Affairs*, January, 1930, pp. 17–18.

dated August 31, 1928, was quoted as raising the crucial questions of disarmament and the formula of procedure for preventing war. This criticism was an interesting incident in view of the later attempt to invoke the Pact in the Sino-Russian dispute over the Chinese Eastern Railway.

A Chinese view raised again the desirability of international agreements which "freeze existing situations" without providing the machinery by which adjustments may be made in the light of international justice. It was pointed out also that the Pact was weak in involving merely a negative rather than positive obligations. It was contended on the other hand that the Pact was not implemented because it was the set purpose of its framers to make it a moral gesture, a statement of a new legal attitude towards war, which would have the psychological effect of forcing the signatories to devise means of implementation.

The invocation of the Pact in the recent Sino-Russian dispute has already been referred to in recording the Manchurian discussions. Its weakness was recognised as being due to the absence of adequate machinery for negotiation; but on the other hand it was claimed that it had successfully mobilised world-opinion against a breach of hostilities. On the other hand an American member pointed out that diplomatic notes are usually designed essentially for home consumption affecting the sender's constituency. Their effect is often bad in the minds of the foreign public. The opinion was put forward that the American notes in the recent Manchurian crisis had done harm to world-peace by arousing Soviet resentment and re-creating the feeling that the U.S.S.R. was ringed about with a conspiracy of hostility. On the contrary, Chinese members felt that the real weakness of the Pact was that, in the absence of adequate machinery, a Power might feel that if it could win on the battlefield, it wouldn't care about either anticipatory or retrospective criticism.

There was some discussion of the need for definitions not only of procedure, but also of categories and conceptions. One member pointed out that the vagueness of the Pact was due partly to lack of clarity in existing conceptions and partly to lack of agreement on principles. There were many questions asked about the recent crisis which might be summarized in the conundrum—when is a war not a war? The answer seemed to be, when it is self-defence. There have been no generally accepted definitions of war, self-defence, neutrality. Nor is there any answer to the question—who broke the Pact? A striking statement by an expert on the Pact pointed out these difficulties.

> It seems [he said] that we are dealing with things still so undefined that we cannot expect agreement on legitimacy or illegitimacy of means. It is equally true with reference as to what constitutes war and what constitutes legitimate means of settlement. Is a nation at war only when it says so, or when nations declare it

at war and break off relations? The Kellogg Pact fails signally on this point. We must supplement it by the proper means for determination of whether or not a nation's act was in conflict with the Kellogg Pact. This is now left up to each country. The clarification of boycott is part of the whole problem of putting disputes into agreed categories.

Another American member pointed out that almost at the same time as the American notes were sent out regarding the Sino-Russian dispute marines were being sent to Haiti. Japanese, British, American and other foreign garrisons remained in China. Was a strong power justified in using force when a weaker power either couldn't or wouldn't? It was argued on the contrary that such expeditions were purely for the protection of foreign lives and interests, and did not constitute war since there was no intention of interfering with existing governments. If this right of protection had been forbidden, the nations concerned would not have signed the Pact.

Japanese members also raised the problem of coercive methods other than war. A prepared statement on the use of the boycott in China is printed in the documentary section of this volume.[42] The problem was found to be too complex for adequate discussion without more specialised preparation. A research project was therefore devised for a cooperative international investigation of the problem. Some of the issues that were raised concerned the voluntary or governmental nature of any boycott, its connection with self-defence, or coercive dictation, the provision in Article XVI of the League Covenant providing for boycott against offending states, and other measures of constraint short of war such as troop concentrations. The questions were well summed up by an American expert in the following way:

(1) Is "boycott" a question capable of proscription or limitation in an international instrument such as a bilateral treaty?

(2) Is it possible, under the present state of international law, to draft a treaty for the purpose of proscribing or limiting the following other "measures of constraint", i.e., troop concentration on borders, troop re-enforcement on borders, or circumscribing a zone of hostilities (in civil war) in a foreign state?

(3) May those "measures of contraint" in (2) justify "boycott" as a form of reprisal?

(4) Is it not true that international law is as yet very indecisive on points (1) and (2)?

An analogous problem of definition was raised in discussions of propaganda with particular reference to the recent Sino-Russian dispute. Reference has already been made to this point in the summary of Manchurian discussions. An American with special knowledge of this subject made a statement concerning the relation of the Soviet State to the Third International in which he expressed the opinion that there was a distinct tendency for the two organisations to become structurally separated.

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[42] Masunosuke Odagiri, "The Boycott in China" (printed below, pp. 377–79).

Another member pointed out that the British Prime Minister was a member of the Second International and that there had in the past been little importation of the doubts held by many people concerning the Czarist government into policies of governmental recognition. He added that

> as these Socialist parties become more and more involved with governments, their contacts with the Second International become fewer and fewer, because they become more concerned with national policies. There is no doubt that the Third International and the Soviet government are going through the same stage. During this process it must be remembered that there are more difficulties in the way of this dissociation than in the case of the Second International and its constituent national elements.

Other members, however, appeared reluctant to accept this view and tended to stress the recent activities of Soviet officials in China and Japan. Some point was lent to this not only by the evidence proferred both by Chinese and by other members concerning evidence of propaganda at Peiping and Harbin; but also by the accusation contained in the Japanese newspapers the day the subject was being discussed that a Soviet trade commissioner had acted as liaison between Russian and Japanese communists. It was apparent that there was a profitable area for international discussion on this question; but that in the absence of a Soviet group, discussion was likely to be ex parte and inconclusive.

3. REGIONAL MACHINERY IN THE PACIFIC

(a) THE PACIFIC AS A DIPLOMATIC REGION

In the summary of the discussion so far reproduced attention has been paid mainly to those instruments of international negotiation which are worldwide in their scope. The various Pacific countries are necessarily affected by these instruments and it is a fact of some importance that the network of treaties in the Pacific should be thin and have such obvious gaps.[43] It was emphasised also that distance, the comparative isolation of diplomatic representatives from their home governments, and incongruous social philosophies render the conduct of diplomatic negotiations singularly difficult. To these difficulties must be added the lack of knowledge and interest of an awakened public opinion surrounding the responsible officials. Public opinion in Britain or the United States is fairly easy to arouse to an intelligent concentration upon European or American affairs; but China and Japan are far away and little understood. For much the same reasons Pacific affairs have never loomed very large in the discussions of the League of Nations.

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[43] White, "Treaty Provisions for Peaceful Settlement among the Pacific States" (printed below, pp. 602–20).

These facts are indicative of a fundamental difficulty. The consciousness of anything approaching a Pacific comity of nations is very new and very slight. There is far less real appreciation of common interests or even of conflicts of interest in the Pacific than there is in such regions as Europe, or among the American nation states. It is not without significance that the map of the world is commonly divided by a line down the centre of the Pacific Ocean. The British Dominions and the South American states which border the Pacific look to Europe for their cultural and economic affiliations. This is almost equally true of the United States. There has until recent times been little real contact of any kind between their peoples and the peoples of Japan and China. Trade with the Orient has for the most part gone the other way —to Europe. The Pacific has been a barrier to communication. It was for such reasons as this that the opening statement for the Australian group raised a doubt as to the reality of regional Pacific problems.

> It can hardly be affirmed [one passage ran] that there is as yet much integration of economic interests or trade in the Pacific taken as a whole. We are forced to ask whether these peoples have anything in common beyond the fact that the waters of one ocean wash their shores. Is there sufficient intimacy and interchange to give them any concern in common problems?[44]

The statement, however, went on to emphasise the fact that "western nations have so dominated world thought, so wielded world forces during the last few centuries, that we fail to recognise that the regime they have built up is peculiar and unique. Organised to a degree which the world has never before seen, endowed with great resources, equipped with every product of physical and intellectual effort, laying the whole world under tribute, they have never been able to build up a stable system of international relationships in the narrow area in which they live. This difference at least gives the Pacific peoples something in common. It is not an unworthy aspiration that the spacious Pacific shall be free from the restless urge which affects European nations in their ancient home".

This line of thought recurred in the opening statement made for the Canadian group[45] and was effectively demonstrated also in one of the prepared papers of the New Zealand group.[46]

A more striking reason for the development of a Pacific consciousness is to be found in the westward drift of population in the United States and Canada. The rapid development of the Pacific coast of North America in the last half-century is still going on. There are definite local problems arising from Asiatic immigration; but in addition there is an already large and rapidly growing volume of trans-Pacific shipping and trade. The importance of this was recognised by the authorization of a research project to investigate the extent and importance of Pacific shipping.

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[44] "Australia's View of Pacific Problems," by Hon. F. W. Eggleston, *Pacific Affairs*, January, 1930, p. 4.

[45] *Pacific Affairs*, January, 1930, pp. 27–29.

[46] Sir James Allen *et al.*, *New Zealand Affairs* (Christchurch: Isitts, Ltd., 1929), Chap. XI; also *Pacific Affairs*, January, 1930, pp. 60–61.

While these developments are taking place, driven on largely by the processes of industrialism now well under way in Japan and beginning in China, there remain difficulties of international intercourse. In part these arise from the factors of distance and isolation. The main centres of governmental policy—Washington, London, Paris, Geneva, Moscow—are far distant from the Pacific. They tend to be pressed by problems nearer home and in that pressure Pacific affairs are apt to receive less attention than they sometimes warrant. Diplomatic representatives are isolated and cannot easily keep in close personal contact with their governments. The rapid improvement of communications is altering this to some extent; but no degree of radio communication can altogether take the place of personal face-to-face conferences. Nor is it readily possible for those ultimately responsible for policy to visit the Pacific areas so as to gain for themselves an adequate personal impression of the problems of the region.

This is all the more important because the social structure of the chief Asiatic countries differs so radically from the social structure familiar to western peoples. Not only spatial but "social distance" enters into the problems. One element of social distance was stressed by a Japanese delegate at the 1927 conference when he dwelt upon the problem created by the difficult languages of China and Japan.[47] There are other hardly less important differences of culture which have the cumulative effect of causing responsible governments, and still more the general public, to pay considerably less attention to the enigmatic peoples of the Far East than they might otherwise do.

One important result of this situation is a distinct distrust of European and, to a somewhat less extent, American diplomacy and diplomatic machinery, on the part of many leaders of Oriental thought. This is illustrated by the following excerpt from a prepared statement drawn up by a leading Chinese statesman and tabled by one of the Chinese members of the conference. It will be noticed that the statement distinctly contemplates the need for a regional organization of Pacific diplomacy.

> Why was it that the Board of Reference was killed before it was born and why was the Washington Conference, as far as the treaties and resolutions regarding China are concerned, partially a failure in the final analysis? It is necessary to

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[47] *Problems of the Pacific*, pp. 166–168.

know this, because it will be helpful to us in the drafting of any instrument that is to provide for a regional league of nations having for its primary object the preservation of peace in the Far East. The simplest way of answering this question is to consider the principles that should form the basis of any instrument, be it covenant, treaty or agreement—the constitution of the future League of Nations. As far as China is concerned, she would join with enthusiasm and confidence such a league only when at least the following principles are embodied in the constitution:

1. Every member of the league should be on an equal and independent footing. Certainly she would not submit to any classification that she was inferior or secondary to any other member, as is the case with the League of Nations at Geneva. Such a claim is not unjustified in view of her territory and population. Her dignity, if not her self-interest, would not permit it to be otherwise.

2. The provisions of the constitution of such a league should be general in character and should apply alike to and in all wise to any and every member of the league. No single member, or the problems which appertain particularly to any one member should be singled out to form the principal matter of consideration or discussion in the constitution. In other words, the purpose of such a league is not to discuss and solve problems of any particular nationality, but to cover all questions and problems that may create disputes and lead to a rupture of peace between nations of the Pacific area. No one country is to be the Sick Man and all others physicians, but rather all are more or less in the position of patients and all are justified in contributing and entitled to contribute to the prescribing of remedies. No treaties of the Berlin or Versailles character, but rather the spirit of Locarno is to prevail.

It will be obvious from such a statement as this that there is a considerable degree of distrust of existing diplomatic machinery. This is heightened in China by the fact that Japan has achieved a greater degree of recognition in the League of Nations, and in international affairs generally, than China has yet managed to achieve. It is further heightened by the distinct and explicit feeling on the part of many Chinese that there is a real danger of agreements for international peace "freezing existing situations of injustice." The ironic statement was quoted from Anatole France that there is one law for both the rich and the poor—neither may sleep at night beneath the bridges. Any consideration of the need for further international machinery of a regional character in the Pacific must bear these attitudes in mind.

(b) THE ADEQUACY OF EXISTING MACHINERY

In most of the round-tables there seemed to be a tendency to assume that the existing diplomatic machinery in the Pacific was inadequate and that there was need for new forms of organisation and new devices of diplomatic negotiation. This assumption was challenged several times by members who took the view that the difficulties were inherent in the geographical, political and social situation. Doubt was expressed as to the value of creating new machinery which must necessarily function under the same handicaps of distance, isolation, and social misunderstandings. It was pointed out that there was likely to be difficulty in getting outstanding men to act upon boards or commissions in such distant areas until there were sufficient questions arising to keep them fully occupied. Continuity of action was regarded as necessary and some members felt that the permanent diplomatic representatives were fully able to discharge the duties of conference. If this view is taken it follows that the admittedly unsatisfactory situation as disclosed, for instance, by the recent dispute over the Chinese Eastern Railway, is largely inherent in the political, economic and social circumstances of the Far East at the present time. It can be argued along these lines that the time is not yet ripe in the Far East for international cooperation by methods that have proved successful in Europe. If this argument is accepted it follows that no amount of constitution-mongering, treaty-making, or calling of conferences will add much except confusion to the situation.

Support of this argument from several Chinese sources has already been mentioned in different connections. Many Chinese members felt that their country was not yet ready to join in plans for international cooperation on the basis of equality which alone can insure its self respect. They spoke of the disparity of political ideas, urged the argument which had been used in an evening lecture that no permanent peace is possible until there has been a standardising of living conditions, and, in particular, fought shy of any organisation in which the Great Powers of the present, including Japan, held a preferential place.

This point of view received support also from those who, on general principles, were averse to the creation of new governmental machinery. One American member with a long experience of government pointed out the tendency to create new departments for every new problem that arises, instead of overhauling the existing machinery in order to adjust it to the new needs of a changing situation. It was urged that the existing diplomatic machinery in the Pacific—the official channels of diplomacy, commitments under existing treaties especially those resulting from the Washington conference, the League Covenant and the Pact of Paris—were adequate if they were fully and properly used. The need, it was argued, was to make existing machinery effective, rather than to create more.

On the other hand there seemed a large body of opinion that the very existence of the Institute of Pacific Relations was proof of a widely-felt need for more adequate means of international cooperation. This need was argued also from incidents such as that of the Chinese Eastern Railway dispute which drifted into dangerous situations largely by reason of inadequate diplomatic understandings and contacts. The weakness of treaty commitments on the Pacific and the failure to work out thorough and continuous implementation of important agreements such as those entered into at the Washington Conference, were stressed also. There was, however, a good deal of common ground between the members holding these somewhat opposed points of view. This common ground consisted of agreement upon the necessity of raising Pacific problems more urgently in the consciousness of both governments and public opinion and thus securing for them a greater share of attention. The divergence was as to whether new machinery for consultation was necessary in order to achieve this object.

It was pointed out in an evening lecture that the Kyoto conference itself "was on the fringe of becoming an expert meeting for the elucidation of important and delicate international situations." Its nearness to that fringe was in fact the cause of some anxiety to many members who preferred to regard the Institute of Pacific Relations as a fact-finding, research body. Its evolution was, however, regarded as clearly indicative of a growing interest in Pacific problems and as pointing the way to the need for further consultative machinery. Suggestions which came up at various times from individual members that the Institute should sponsor the creation of such machinery, or should use its research program to gather useful material for diplomatic negotiation, were not acceptable to the majority of members. The research program remains scientific in conception and execution and the Institute continues to refrain from any courses of action.

It was urged that a prior step to any new diplomatic machinery must be the filling of the gaps in the treaty network. The League of Nations, it was argued, was made possible only by the many bilateral and multilateral treaties out of which had come not only commitments to international action; but also principles and methods of cooperation. Education in both these respects was, by some, deemed to be a necessary preliminary to any development of international machinery in the Pacific. Those who held this view insisted strongly upon the necessity of going slow. In particular they felt that a much larger measure of understanding between Japan and China, embodied in treaty agreements, was indispensable before any multilateral treaties could be effective or any international machinery function with success. The absence of any definite arbitration treaty between Japan and the United States was regarded as another obstacle; and an even greater difficulty was found in the fact that the U.S.S.R. has no diplomatic contacts at present with either China or the United States.

On the other hand it was urged that a conference of leading statesmen with power to act, or a series of conferences under a continuing agreement would make progress possible in the negotiation of such treaties as well as in general international cooperation. Such a conference was foreshadowed in one of the American data papers as one of the most important consequential steps following up the Pact of Paris. It was not without significance that the list of questions drawn up for discussion by the round-tables was closely akin to the agenda suggested in this data paper.[48] As will be apparent from this summary, however, the actual course of discussions did not altogether follow the questions set out. In particular the attention given to the Washington Conference treaties and to the Pact of Paris was relatively slight.

There was in the course of discussion also a distinct challenge to the use of the conference method as a useful means of negotiation, unless the conferring parties were bound by definite contractual obligations. The idea of such conferences was put forth in the following statement:

> Unfortunately the United States and Russia are not in the League and thus in the discussion of Pacific problems we must look for a body which contains those countries and yet can use the methods of the League. One possibility is an international conference with the participating statesmen attending, able but not forced to reach a decision on any particular issue. The methods of such a conference have never been worked out except at Geneva. It must be cooperative in character and it must be articulated with some kind of continuing function. It is of such a nature that it cannot be improvised and in the preparation for it, it is necessary to have technical experts meeting together. But such experts should have no power of deciding what the governments should do. They should supply information and classify issues. Such work can be called political in the sense that it used to clarify political problems. This conference here is on the fringe of such an expert meeting. We are attempting to clarify issues between Pacific countries.

In regard to the dispute over the Chinese Eastern Railway which was used as an example of the dangers arising from defective machinery of negotiation, it was repeatedly urged that a commission of inquiry to give an impartial statement of disputed facts, would be valuable. The usefulness of the Doggerbank inquiry in allaying tension between Russia and Britain was cited as a precedent. Many Chinese and some other members expressed the wish for some such inquiry; but there were many others who felt that its usefulness would be very slight and its dangers very great. Such an "inquest" would have great difficulty in discovering facts around which a great amount of legend has already accumulated, it was felt doubtful whether either China or the U.S.S.R. would agree to the idea or to the composition of any board, and by the time it could be assembled the crisis was likely to develop far away from the original incidents.

There was more support for the idea that a permanent body under some agreed machinery might be useful in handling situations of crisis at an early stage. One Japanese member, however, suggested that to add still another piece of diplomatic machinery would be like adding another language to the world. This member preferred mediation, in this particular case by Japan mediating between China and the U.S.S.R. From this point the discussion developed into a general consideration of the possibilities of a regional agreement in the Pacific area.

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[48] James T. Shotwell, "Disarmament Alone No Guarantee of World Peace," p. 3 (reprinted from *Current History*, September, 1929).

(c) THE POSSIBILITIES OF REGIONAL ORGANISATION IN THE PACIFIC AREA

As the syllabus of questions indicates, the possibilities of regional organisation in the Pacific were approached from the starting point of the provisions of the Washington conference treaties calling for consultation among the signatories. The 1927 conference had devoted some attention to the adequacy of the commitments entered into at Washington and discussed briefly the reasons why the machinery for consultation envisaged in the treaties had not been further developed.[49] One of the American data papers presented to the 1929 conference also reviewed briefly the present position of those treaties,[50] and raised again the suggestion "that the Four Power Pact of the Washington Conference should be extended so that it would include not merely the islands of the Pacific but all countries of this region, especially China."

The Chinese statement already quoted also referred to these treaties and drew attention to the fact that "the Washington Treaties do not quite coincide with the aspirations of the Chinese people, nor have they exercised the influence over the course of international affairs in the Far East that was expected of them."

This statement went on to notice the resolution of the Washington Conference providing for a Board of Reference on Far Eastern questions. In this connection the author remarked:

> It is obvious that the board was to provide continuity and permanence to the Washington Conference, just as the League of Nations provided the machinery for putting into execution the articles of the Peace Treaties.
>
> When the agenda for the Special Customs Tariff Conference was drawn up by the Chinese government and communicated to the Powers concerned, the question of the Board of Reference, the consideration of which should have been undertaken at the same conference was purposely and deliberately omitted. The Powers did not insist—one imagines that when the resolution was adopted at Washington some of them gave only perfunctory support.

While the Washington treaties and particularly the proposal to extend the Four Power Pact, were specifically brought to the attention of the round-tables, there was little discussion of them. It was pointed out that the Four

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[49] *Problems of the Pacific,* pp. 168–170.

[50] Blakeslee, *op. cit.*, pp. 131–138.

Power Pact, the Nine Power Pact and the Kellogg Pact all call for, but do not provide means for, consultation. One member expressed the opinion that their provisions in this respect have proved impractical and have become a dead-letter. Another member regarded the fact that no machinery had ever been established as proving that this was not a good way to deal with the problem. On the other hand American members pointed out that the Secretary of State had in fact called the attention of the signatories to the Chinese Eastern Railway dispute and that certain commissions, notably those on Extra-territoriality and Tariff Autonomy had been set up. Their partial failure was regarded as due to circumstances rather than to any defect in method. It was urged, moreover, that the Four Power Pact was the furthest approach of the United States to the League method. The United States functions in foreign policy largely by precedent and it is therefore advantageous to use such a precedent to the fullest extent. This could be done without overlooking or duplicating the League of Nations. It was pointed out in reply that the provisions of the Four Power Pact referred to by the American Secretary of State in his note regarding the Chinese Eastern Railway dispute, were limited to "insular possessions and insular dominions" and were further restricted by the reservations of the United States ratification.[51] A legal opinion was given that "a dispute on the mainland of Asia does not come within the scope of this treaty. Furthermore, neither China nor Russia is a signatory; even a Chinese-Japanese dispute in Manchuria would not come within the treaty." With these limitations in mind it seemed to be agreed that the Four Power Treaty must be revised if it is to continue to be efficacious.

Subsequent discussions both in the round-tables and in the evening lectures were concerned more with the possibility of devising some regional form of organisation which would at any rate not conflict with and might conceivably be related to the organisation of the League of Nations. The necessity for some regional organisation was stressed by those who preferred the federal to a unitary point of view. It was argued that the League's success had been mainly in Europe and that in many important respects it might be regarded as a European regional organisation, deriving a large part of its strength from the administration of European commitments. It was argued further that in the Pacific, practical advance had been made mainly by regional conferences outside the League.

Vigorous dissent was expressed from this point of view. It was based partly upon a feeling that the Pacific area could hardly be regarded as a distinct political region but more upon a realisation of the unity of world politics. In particular it was clear that the British Dominions regarded any organisation which did not give Great Britain a leading place as utterly impractical. In the same way it was felt that other European powers were almost as vitally interested in the Pacific as Great Britain. Japanese opinion seemed to be almost unanimously averse to any organisation which in any way conflicted with or rivaled the League. Doubt was expressed also as to whether there was any more likelihood of the United States and the U.S.S.R. joining a Pacific League of Nations, than there is of them joining or at least cooperating with the present world-League.

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[51] Blakeslee, *op. cit.*, pp. 220–222.

The opinion was expressed by some American members that there would probably be strong opposition to any proposal that their government should cooperate with a regional conference or any other activity in the Pacific directly under the aegis of the League. On the other hand there were those who argued that the best form of organization should be devised, irrespective of any such consideration. It was felt that if a practicable organisation could be found and could begin to do useful work, there was at least as much possibility of unofficial cooperation from the United States as there is at present with other sections of the League's work. There seemed a fair measure of agreement that some organisation should be devised in the Pacific, at least of a technical character probably with a permanent secretariat. In this organisation it would be desirable for the United States and the U.S.S.R. to play a leading part and the organisation should work with the League whether technically a part of the League machinery or not. There was considerably less agreement concerning the possibility of devising a political organisation and in this connection there was some discussion of the necessity not only for enlarging the League; but also for directing a greater share of its attention to Pacific problems.

The advantage of utilising League experience and continuity of preparation was generally admitted, the desirability of full cooperation with the League rather than rivalry was equally clear; but there are special difficulties such as the preponderant voting power of the British dominions together with Great Britain, and the relatively inferior position of China to that of Japan. At the same time it was argued that the League has devoted an increasing amount of attention to Pacific questions in recent years and that there was no inseparable reason why this process should not be further developed.

The suggestion was further made that the experiment of having the League Council meet occasionally away from Geneva might be further extended so that a meeting might occasionally be held in the Far East, devoting special attention to the regional problems of that area. The practical difficulties involved in such a suggestion were recognised to be very great. They are even greater in the suggestion that the League machinery should be used to call regional conferences.

The idea of decentralisation continued, however, to recur in the discussion, with such suggestions as a Pacific branch of the League, a secondary capital of League organisation at such a centre as Dairen or Macao. Europe, it was argued, does not know or understand the Pacific. While there were many who felt that the setting up of regional zones might eventually impair the integrity of League organisation, and there were others who felt that the discussion had got on to a wrong track and that the Washington treaties rather than the League Covenant provided the best basis for a regional organisation, there was a fair measure of agreement on the drift of the discussion towards the need for a permanent secretariat to collect information and prepare regional conferences, possibly also to work out continuing commissions for the adjustment of disputes. It was pointed out that when problems are treated on a world basis they necessarily became more abstract and general. This was illustrated particularly by reference to the suggestion that certain aspects of disarmament might best be approached on a regional basis.

The technical work of the International Labour Organisation and of various sections of the League were mentioned as the kind of cooperative international effort offering the most promising means of development at the present. The exposition of these movements contained in the memoranda supplied by the League secretariat and the International Labour office was supplemented in a series of evening lectures. Particular attention was drawn to the valuable work being done by the Health Section of the League through its Epidemiological Bureau with headquarters at Singapore. It was recognised that a technical secretariat covering economic and social questions would not give a great deal of immediate help in the solution of urgent political difficulties; but it was urged that it would probably receive a fair degree of cooperation from states which are not members of the League and would be useful in building up the habit of international cooperation upon which political machinery might later be built.

DOCUMENTATION

The following documents were presented as a basis of round-table discussions:

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PART II

DOCUMENTS

I

THE FUTURE DEVELOPMENT OF THE WHEAT-GROWING INDUSTRY OF AUSTRALIA

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Director of Agriculture, New South Wales

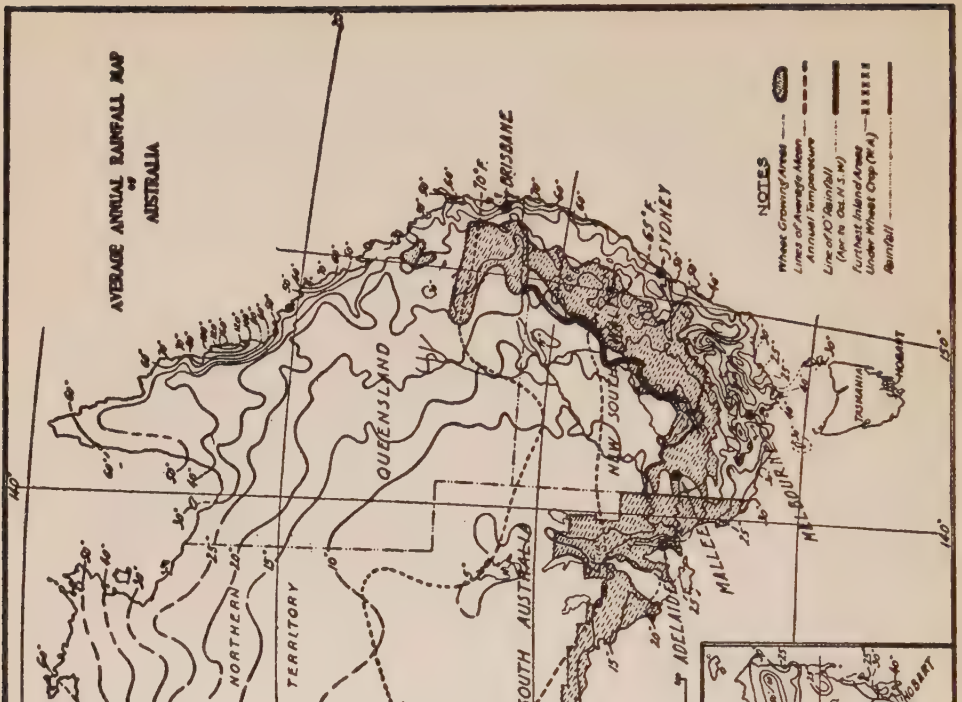
HISTORY OF WHEAT GROWING

When Captain Phillip established the first settlement at Port Jackson early in 1788, he immediately set about the preparation of land for the production of wheat and in his despatch of May, 1788, he stated he proposed to sow eight acres with wheat and barley. The land in the immediate vicinity of Port Jackson, however, is very poor and the climate, owing to the humidity and warmth, is unsuited to wheat, so that little success was achieved. Shortly afterwards more suitable land was found near Parramatta and although this is only twelve miles from Sydney the atmosphere is drier and attempts at cultivation were more successful, as Phillip in 1790 reported that 200 bushels of wheat had been harvested.

The area under wheat and other crops gradually increased and for a considerable time wheat was grown fairly extensively on the coastal plains lying between the coast and the mountains. The soil for the most part, however, is somewhat inferior, except the alluvial flats of the Hawkesbury Valley, and these are somewhat too rich, producing great leaf growth, but not conducing to the development of grain. The alluvial lands were found more suitable for the growth of maize, potatoes, pumpkins and other vegetables and the growing of wheat was discontinued. Periodic outbreaks of rust discouraged growers generally, and for many years wheat has not been grown for grain on the coastal areas of New South Wales.

In the meantime a passage over the mountains had been discovered and more suitable lands were opened up for settlement. It was found to be excellent grazing country and its suitability for live stock, particularly merino sheep, led to the rapid development of the live stock industry and had a very important influence upon the agricultural development of New South Wales for many years. It created a popular bias in the favor of pastoral industries and this has persisted until quite recent years.

The mountain barrier, cutting off the western arable land from the centers of population on the coast, also had some influence upon agricultural development, and progress in the farming industry was slower than in the other colonies of Victoria and South Australia, which had been opened up in the meantime. In both these colonies suitable land was found near the shipping ports and this naturally encouraged men with limited capital, who could not engage in the pastoral industry which required some considerable amount of capital, to develop the agricultural industries.


AVERAGE ANNUAL RAINFALL MAP of AUSTRALIA
NOTES
Wheat Growing Areas
Lines of Average Mean Annual Temperature
Line of 10" Rainfall (Apr. to Oct. N.S.W.)
Furthest Inland Areas Under Wheat Crop (W.A.)
Rainfall
NORTHERN TERRITORY
QUEENSLAND
WESTERN AUSTRALIA
SOUTH AUSTRALIA
NEW SOUTH
MALLEE
BRISBANE
SYDNEY
MELBOURNE
ADELAIDE
PERTH
TASMANIA
HOBART
70°F.
65°F.
Scale

WHEAT AND RAINFALL MAP OF AUSTRALIA

(*Courtesy of Commonwealth of Australia Bureau of Meteorology, Melbourne*)

Wheat for bread-making, of course, was most important and became the leading crop.

The climate in these colonies, even quite close to the coast, is temperate with sufficient rain during the growing period to promote even growth of the crop and the dry conditions later favour ripening. These conditions tended to produce a bright hard grain and a reputation was created for Australian wheat which it still retains.

The attached table gives the acreage under all crops from 1860 to 1923-24. (Appendix A.)

It will be noted from this table that Victoria, although a small colony relatively, and South Australia, also small in regard to agricultural area within a favourable rainfall area, made the most rapid progress from 1860 to 1910-11, and that the rate of progress then declined and became more marked in New South Wales. In Tasmania progress has been of a steady character throughout. In West Australia little progress was made in agriculture until 1910, but from then onwards the rate has been very rapid. Queensland experienced steady progress, but in view of the large area of the state the area under cultivation is relatively low.

In New South Wales agricultural development was retarded in the first place by the predominance of the pastoral industry, but the development of labour saving machinery and the acquisition of experience and knowledge gained in cultural methods later rendered it possible to secure returns which enabled agriculture to compete with pastoral interests for the use of the land. Also in Victoria and South Australia the earlier development of agriculture made farming land difficult to obtain and the surplus farming population sought new lands. These they found in New South Wales and Western Australia. The latter state was particularly attractive as the land had not a high value for pastoral purposes as in New South Wales and actually for the most part was Crown land, which could be acquired on very reasonable terms. This led to a large influx of settlers and a rapid extension of the sown area.

The principal factors which influence the development of the wheat growing industry are natural conditions—climate and soil—and economics.

The latter is important and embraces the effect upon the wheat industry of the general economic conditions of the country.

The price of wheat is determined principally by the markets of importing countries and it is obvious that farmers producing wheat in a country such as Australia where the policy is one of protection are affected by this policy. Wheat also comes into competition with other industries such as wool raising. The land is naturally splendidly fitted for the pasturing of sheep and its value for this purpose is enhanced by cultivation. Farmers can readily turn from wheat to sheep or vice versa and when wool is high in price there is a tendency to revert to sheep and if wool falls in price to extend the area under wheat.

In considering the general question of the possible developments of the wheat industry it is not proposed to enter fully into the effects of the economic position upon wheat growing. It is apparent, however, that it has a very material bearing. Some sort of yield can be obtained over a great area of Australia where wheat is not now grown or from land within the present wheat belt which at present is not cultivated. The land is not used for wheat growing owing to soil or climatic conditions or a combination of both making the yields so light that it is not profitable to use the land for wheat.

If under present prices a yield of say 10 bushels per acre must be obtained to enable wheat to be profitably grown, land which will give only nine bushels cannot be used for wheat. On the other hand if prices become higher without a corresponding increase in the cost of production it is possible that it would be profitable to farm land which yielded only nine bushels per acre.

These are phases of the effects of economics which affect the position and which cannot be foretold.

In an endeavor to formulate some estimate of the wheat growing possibilities of Australia, it is proposed to ignore the effect of changes in economic conditions. The conditions of the present are accepted and an endeavour is made to estimate what extension can be expected, assuming that a genuine desire existed to place as much land as possible under wheat.

The factors which then affect the position are soil and climatic conditions. It is impossible to determine the relative importance of each. In the early history of wheat growing the crop was confined to those areas of the state favoured by a fairly copious and even rainfall. At a later period it was generally accepted that wheat could only be safely grown in areas where the rainfall during the growing period—April to October—exceeded 10.0 inches.

Now it is accepted that wheat can be grown with a rainfall of 7.5 inches during the growing period within the limits of the 65°F isotherm and with 10 inches within the 70°F isotherm. Other climatic factors, however, also have an influence. In Western Australia for example wheat is actually grown outside the 65° isotherm with only 7.5 inches of rain in the growing period.

Rainfall and temperatures, however, only set a general limit on the possible wheat growing area. They give some general indication of the climatic conditions which are essential. These conditions are a temperate climate with a fairly even rainfall from April to October. With rainfall of 7.5 inches and within the 65°F isotherm, these conditions are likely to be found. It is also essential, however, that favourable rain for the germination of the seed shall be received during April and May, and also that there shall be favourable rain to develop the grain about September. The latter is of less importance, as where the land is well farmed to conserve moisture excellent yields are produced without appreciable rain at this period.

In the southern portion of the continent and practically on all the area within the 65° isotherm, the conditions are fairly stable in this respect, but within the isotherm of 70° in New South Wales and Queensland with a growing period rainfall of 10 inches, they are not stable. Within this region, the rainfall is erratic in nature, and frequently rain does not fall at the critical period and poor crops follow.

In this warmer zone there is also a more rapid change from winter to summer and unfavourable winds frequently occur in the spring and harmfully affect the crops.

The character of the soil, particularly its physical nature, is equally as important as climatic conditions. To those having knowledge of the conditions under which wheat is grown in other countries, it must appear somewhat remarkable that wheat can be profitably grown in an area where the rainfall during the growing period is only 7.5 inches and where the total annual rainfall is about 12 inches per annum.

In actual practice it is found that wheat can only be profitably grown under such conditions when the soil is of a type that will respond to light rains.

It has been found that the suitability of soils must be considered in relation to the rainfall. This, of course, is also the case in regions where rain is reasonably plentiful, but it is emphasized in regions of low rainfall.

When the annual rainfall falls as low as 12 inches per annum none can be wasted and each drop must be made effective. It is entirely due to the special character of some types of soils within this area that payable wheat yields are obtained.

In general these soils are light loams or sandy loams of 6 inches to 12 inches in depth overlying a subsoil of clay or extremely fine loam having the water holding qualities of clay.

These soils are mostly formed by the drift action of winds and are composed of fine grains.

They are light, absorb rain easily and retain it fully owing to the fineness of the grains presenting a large surface area. The fineness also is such that the aeration is perfect and in consequence the soil does not lack air and yet there is not excessive movement of the air in the soil leading to evaporation. The fineness of the soil grains also enables plant roots to remain in intimate contact with the soil particles. A special feature is that, owing to its peculiar character, the soil does not pack hard after rain and always remains in good condition. It is not rich in plant food constituents. This adds to its value, as no excessive vegetative growth is made at any period and a healthy, hardy plant is produced which withstands dry conditions. The nature of the soil is such that evaporation of moisture can easily be prevented by the maintenance of a loose surface, but on the other hand, unlike soils of a clay nature, it parts with moisture readily to plants. On such soils light falls of 30 to 40 points of rain will ensure germination and light falls at the earing stage suffice to fill the grain.

A peculiarity of some of these soils is that they produce an extraordinary type of trees known as Mallee. These are Eucalypts varying in height from six feet to about 20 feet. A Mallee tree has no defined trunk like an ordinary tree but several stems come away from the one base and the plant has the appearance of the suckers that come from the base of some trees when they are cut down close to the ground. Below the stems immediately under the surface of the land is a great gnarled growth from which the roots spread. This would seem to be a deformed sub-surface tree trunk.

The Mallee is confined to the type of soil described above and its limits are generally very sharply defined.

Adjoining Mallee land, soil of a light type of somewhat similar character is often found, but which because of an almost imperceptible difference supports trees of a normal character.

In low rainfall regions clay soils or soils of high fertility are unsuitable for crop production. Frequently fertility as measured by the chemical constituents is combined with the clayey physical condition. Clay soils do not absorb moisture readily and hold it tenaciously.

Light rains do not promote germination and heavier rain is needed to bring the crop to maturity. High fertility produces at times an excessive growth which the rainfall is insufficient to maintain. These soils are expensive to work and the light yields are unprofitable.

On the other hand in the Mallee country much of the soil is practically only loose deep shifting sand. Such soil is of no value for the production of crops.

It is apparent that in regions of low rainfall freedom of choice in regard to land does not exist as in regions of good rainfall. In the latter the soil condition is not so important and a wider range of varieties of soil can be successfully cultivated.

This necessarily determines the extent of land which may be regarded as suitable for crop production.

The typical analysis of a Mallee soil and a clay loam (Table I) will be of interest.

TABLE I

	Potash	Lime	P_2O_5	CO_2	Nitrogen
Mallee	.376	.719	.071	.178	.079
Goulburn Valley	.822	.320	.057	.057	.059

MECHANICAL ANALYSIS

	Mallee	Goulburn Valley
Fine gravel	.694	.0750
Coarse sand	3.367	.2150
Medium sand	24.390	.7050
Fine sand	21.887	1.4750
Very fine sand	18.790	6.7450
Silt	2.647	15.4650
Fine silt	2.217	11.1750
Clay	18.510	50.9750

In seeking to determine the acreage which may be sown to wheat, regard must be paid to farming practice. This is determined in part by economic conditions and in part by natural conditions. The farmer cultivates the land to provide a means of livelihood for himself and family, and farming as a business must keep on fairly level terms with other means of employment. If it cannot provide a means of livelihood the farmer cannot remain engaged in it. Changes in general economic conditions would no doubt, if in a downward direction, tend to enable a farmer to produce a living from a smaller area, while on the other hand if the trend of economic conditions is against the farmer by increasing his costs, he will seek a remedy by cultivating more land in order that he may have more to sell. This in fact has been the case and the unit size of a farm, although not definite, has increased to somewhere in the vicinity of 800 acres as compared with approximately 600 acres of a decade previously. In order to produce more the farmer has called to his aid larger and more efficient machinery and has produced more without increasing his expenses proportionately. It has the effect, however, of influencing the total area under crop as the farmer with 600 acres would probably crop 250 acres or 41.6%, whereas a farmer with 800 acres would probably crop 300 acres or approximately 37.5%. These are statements which cannot be supported by actual figures, but they indicate approximately changes that are occurring owing to economic forces.

In seeking to determine the probable ultimate area that can be annually cropped with wheat, the effect of natural conditions upon farming practice must be considered and also the competition offered by other rural industries.

In the development of new country in Australia in the areas suited to wheat the first impulse is to engage extensively in the production of this crop. The latent fertility of the soil encourages the practice; it is a crop that is easily produced and it affords a means of providing capital for the purchase of live stock.

The growing of wheat continuously or alternated with bare fallow interferes with the fertility by drawing upon chemical constituents of the soil, and the land becomes infested with weeds and plant diseases. On the other hand the cultivation of the land improves its quality for grazing. With the general changed circumstances the farmer finds it possible and in fact necessary to bring more diversity into the farming practice. He gives more attention to stock raising and reduces the proportion of land under wheat.

As the acre yields are light he must cultivate large areas and must employ cultivating and harvesting machinery which will cover the land rapidly with a minimum amount of power. In proportion to the area cultivated, the horse power is insignificant and very many farmers use tractors and employ no horses. The natural conditions make it unnecessary to stable horses and consequently no farmyard manure is available to maintain fertility. During the early years of land cultivation little concern is felt on this account, but ultimately it is recognized that action must be taken to restore fertility. The most practicable means is to allow the land to revert to pasture or to grow green crops such as oats, lucerne, etc., and to depasture these with sheep.

Experience has shown in the older settled districts that such a change is necessary to ensure payable crops of wheat and it has also been demonstrated that the returns from fat lambs and wool make the practice a profitable one.

The increase in country population following upon the wealth produced from wheat creates a demand for other forms of produce and some land is devoted to the production of crops to meet this demand.

An important factor also is that the low rainfall renders it essential that a considerable part of the land shall be bare fallowed for twelve months before the crop is sown in order that sufficient moisture will be available to develop a payable crop. Over most of the wheat growing belt it is necessary that an area equal to that sown to wheat shall be fallowed. In districts more favoured in regard to rainfall the proportion is not so great, but amounts to at least 33%.

The natural features of the country render it inadvisable to utilise some land for wheat which is otherwise suitable. Considerable tracts of the country owing either to its hilly nature or to the physical condition of the soil, are suitable only for pasturage. Interspersed with this, however, arable land occurs, but it is more profitable to use this for the production of crops to supplement the pasturage.

An exhaustive analysis has been made by Professor Perkins, Director of Agriculture, South Australia, in regard to the suitability of land in that state for cultivation and the proportion that can in actual practice be annually utilised for the production of wheat. He estimates that approximately 15,000,000 acres are suitable for cultivation and after allowing for annual fallowing and the use of land for other production estimates that 3,950,000 acres can be sown to wheat for grain. This represents 26.33% of the total suitable area. Such a percentage may appear to be small but when consideration is given to the need for fallowing, the production of crops for stock feeding to maintain the soil fertility, to diversify farming and the land required to produce other commodities required by the population, it becomes justified.

PROBABLE ACREAGE OF WHEAT IN AUSTRALIA

At present wheat is principally grown within a belt bounded by winter rainfall lines of 15 inches on one side and 7.5 inches on the other. In West Australia a considerable area is sown within the 15-inch and 20-inch lines, but this is due in part to special soil and climatic conditions and to settlement being yet so small that other agricultural industries have not displaced wheat. In Victoria and South Australia and New South Wales very little wheat is grown within this area. In New South Wales at present little wheat is grown beyond the 10-inch winter rainfall line, but in the southern parts of the state there is a marked tendency to extend the cultivation of wheat to the 7.5-inch line.

In the early days of settlement wheat could be grown successfully only in regions where the rainfall was in the vicinity of 15 inches during the winter months. With the acquisition of knowledge in regard to cultural methods which enabled moisture to be conserved by fallowing, the use of fertilisers which assisted in developing drought resistance, the development by breeding and selection of varieties requiring only limited amounts of moisture and the improvement of labour saving machinery, the wheat growing areas have been extended considerably into the dry areas.

Although remarkable achievements have been made and the progress has been fairly consistent it would require considerable optimism to anticipate that there will be still further extension into regions of lower rainfall. Undoubtedly twenty years ago it was never expected that wheat could be grown successfully in regions where at the present day the industry is firmly established, but the movement has been immensely assisted by the changes outlined above and similar marked changes cannot be expected in future years.

Beyond the 7.5-inch winter rain line in the southern part of the continent, there is a decrease also in the total annual rainfall and consequently not the same opportunity of conserving moisture in the fallows. The rainfall also becomes more erratic. Effective falls during the sowing and ripening period cannot be relied upon and the likelihood of crop failures is increased. The temperature and wind conditions also become more variable and increase the risk. It is found, however, that local circumstances vary and beyond the 7.5-inch line it will no doubt be found that expansion will take place, but only as a result of actual experience, and it must be anticipated that it will be limited.

In the northern part of New South Wales and in Queensland the wheat belt does not at present extend beyond the 10-inch winter rainfall line and it is unlikely that it will do so. This is owing to the erratic nature of the rainfall, the soil conditions and temperature and wind conditions. Although a very large part of New South Wales and Queensland has an average winter rainfall of 10 inches, it is very irregular in its incidence. In some years it is very heavy and in others low. When it is heavy crops may be good, but they are liable to damage through outbreaks of disease, and in the low rainfall years they fail.

The difficulty in securing crops is enhanced owing to the nature of the soil. Unlike the wheat areas of the southern portion of the continent, the soil in the north is mostly of a heavy type and is generally very fertile. Such soil requires much more rain, as it does not part with moisture so readily. The high fertility combined with winter warmth produces soft sappy stems and leaves with heavy transpiration. In the spring there is usually a rapid change from cold conditions to relatively hot weather and even when there is a fair amount of moisture in the soil the transpiration from the leaves is so great that the plant cannot absorb moisture from the soil sufficiently rapidly to maintain a normal condition and the ears wither and die without producing grain.

Some expansion will occur in these areas but it cannot be appreciable.

No definite compilation has been made of the areas suitable for wheat in Australia. To be accurate exhaustive and costly investigations would be required. Some data is available, however, and the figures submitted hereunder are based on this, the past history of the development of the wheat growing industry and actual observations of the soil variations that occur together with the topography of the country and a knowledge of how the suitability of the soil depends upon climatic conditions.

New South Wales.—In New South Wales it is estimated that approximately 20,000,000 acres of land are suitable for wheat production.

For the reasons already outlined it is unlikely that the percentage used each year for wheat growing will exceed 30 per cent. Professor Perkins of South Australia gives figures which indicate 26.33 per cent for that state. It is probable, however, that the percentage in New South Wales may be increased a little as the proportion of fallowed land, owing to climatic conditions, will probably not be so great.

Accepting 30 per cent it may be accepted that New South Wales can sow each year 6,660,000 acres.

In 1915–16 New South Wales actually sowed 5,122,245 acres. In view of this it would appear that the present estimate is conservative. The 1915–16 acreage, however, was abnormal. It was due to an appeal to grow more wheat for war reasons and followed on a year of drought when crops were practically a failure. All land, consequent upon the drought, was in excellent condition for sowing in 1915–16 and as the conditions were exceptionally favourable during that year farmers had no difficulty in sowing extensive areas. Failure the previous year, the anticipation of a good crop and the spur of patriotic enthusiasm led to every available acre being sown. The adopted farming practice was scrapped for the time being and stubble land prepared and sown as well as fallow. This could only occur under exceptional circumstances.

Victoria.—Victoria is a comparatively small state and landowners intensively engaged in agriculture at a much earlier period than in New South Wales. In some respects New South Wales agriculture is an off-shoot from Victoria and its development became most active when Victorian farmers began to realise the limitations, in their parent state, brought about by closer settlement increasing the difficulty in obtaining suitable land at a reasonable price.

In 1890 the total acreage under cultivation in Victoria was 2,031,955 acres and in New South Wales 852,704 acres. In 1924–25 the total had increased in Victoria to 4,761,394 acres and in New South Wales to 4,912,124 acres.

It is obvious from this that more effective use has been made of the available agricultural land in Victoria and expansion must be relatively limited.

It is estimated that within the wheat growing area the total acreage is 15,150,000 acres.

Figures are not available showing proportion of this suitable for the production of wheat, but in view of the general character of the country and the history of wheat growing it cannot be anticipated that there will be a very marked increase in acreage.

Some areas which are at present not settled and which are doubtful may ultimately prove productive.

Allowing for some expansion in this direction and full utilisation of land in the existing wheat growing areas, it is estimated that Victoria may ultimately annually sow 5,000,000 acres with wheat.

South Australia.—An exhaustive review of the situation in South Australia has been made by Professor Perkins, Director of Agriculture. He accepts an estimate of 15,000,000 acres as being the area suitable for agricultural settlement in that state and considers that of this 3,950,000 acres may be sown annually with wheat for grain after allowing for other forms of agricultural production and land set apart for fallowing, etc.

West Australia.—Real agricultural development commenced in West Australia at a much later date than in the other states. In the first year of the present century the production of wheat amounted to only 774,000 bushels, while in 1928–29 the yield was 31,900,000 bushels from 3,163,409 acres.

This state has proved remarkably suitable for wheat growing and will probably eventually become one of the most important in this respect. The acreage under wheat is now almost equal to that of South Australia and not far below that of Victoria.

It is somewhat difficult to make an estimate of the acreage that may ultimately be placed under wheat in West Australia in view of the fact that much land remains to be tested. Investigations are now being made in areas where the rainfall is a little lower than in the existing belt. If these areas are found to be suitable it will add fairly considerably to the wheat area.

As in other states the land in West Australia varies in character and this affects the area that will eventually be sown to wheat.

In view of the soil and weather features it is estimated that ultimately 5,500,000 acres may be sown to wheat annually.

Queensland.—It is extremely difficult to make a forecast in regard to the future development of wheat growing in Queensland. Many difficulties are associated with the successful production of the crop and as the land can be profitably used for pastoral purposes the wheat growing industry has not yet been really seriously undertaken.

Queensland's history in regard to agriculture is somewhat similar to that of New South Wales. It is rich pastoral country and the initial trend was in the direction of developing live stock industries instead of agriculture, except in the case of tropical and subtropical products such as sugar and maize.

In those localities where wheat growing is a possibility pastoral industries have been dominant and people have not become skilled in agriculture.

While Queensland has been found to be naturally adapted to grazing it has presented difficulties of considerable magnitude to the wheatgrower. The rainfall is of a summer type and although the winter mean is comparatively high the rainfall in its incidence is very erratic. It varies from year to year and from month to month in any one year. The winters are warm and this combined with a rich soil produces a luxuriant growth when moisture is available, which wilts easily if rain fails in the spring and is subject to attacks of disease if rain is abundant. The transition from winter to summer is rapid and wilting may occur at this time. Bright clear weather is not always experienced at the ripening period and the quality of the grain may suffer.

These are difficulties which have been experienced, but notwithstanding, there are distinct possibilities of wheat growing being successfully established especially in districts west of those where it is now principally grown.

The excellent results which have been obtained when the land has been thoroughly farmed, to conserve moisture, justify the hope that wheat may become a fairly profitable crop, especially in conjunction with the raising of sheep.

In view of the present position, however, no marked development can be expected in the immediate future and probably within a reasonable period it cannot be expected that the acreage sown to wheat will exceed 750,000 acres. As the present acreage is slightly over 215,000 acres this represents a considerable step forward.

Tasmania.—This state sows only a small acreage with wheat. No important expansion can be expected as the arable land is closely farmed. Developments in agriculture in this state will probably be in the direction of the production of crops of greater value.

PROBABLE YIELD

The average wheat yield in Australia must always remain comparatively low. Most of the wheat is grown in regions where the rainfall is low and the moisture available is not sufficient to produce a heavy yield.

The growing season is also limited. Owing to temperature and the incidence of the rainfall it cannot be safely sown before April and May and the spring warmth brings it to maturity during October, November or December. The favourable temperatures during the growing period lead to rapid growth and quick-maturing wheat never gives the heavy yields harvested from crops which occupy the land for a long period.

It is noteworthy that the highest average wheat yields are obtained in those countries in which the rainfall is favourable and which have climates that ensure a long growing season. The United Kingdom is a case in point with an average yield of 33.4 bushels per acre. Efficient farming practices are, however, to a considerable extent responsible. Canada also illustrates it with an average of 16 bushels as compared with the United States of America with 14 bushels. The latter country, owing to its geographical position, has a warmer climate and wheat matures in a shorter period.

In Australia it is found that conditions of a similar kind tend to give higher averages. Victoria is most favoured in regard to rainfall and climatic conditions and holds the highest average for the Commonwealth.

The nature of the soil also tends to restrict the yield. On the whole it is somewhat light and even with favourable rainfalls does not produce large yields. It is noteworthy that the highest average yield ever obtained in New South Wales was 17.8 bushels per acre. This was in 1920–21 when the conditions were exceptionally favourable.

A severe drought prevailed during the preceding year and the land had a long rest. In 1920 favourable rain caused a perfect germination and the conditions for growth were excellent througout the season. Despite this, however, this average yield cannot be regarded as high.

While the natural conditions render it unlikely that the average yield of Australia will ever be so high as in more temperate countries it can undoubtedly be increased.

Factors apart from natural conditions have tended to keep the average low. In the first instance farmers encountered peculiar soil and climatic conditions and had to devise suitable farming methods.

Varieties adapted to the conditions had also to be selected. The improvement that has been made in yields is indicated by the advances in South Australia. From 1876 to 1906 the average yield was less than 5½ bushels per acre. After 1906 an improvement began to appear and for the last decade of 1916–26 the average rose to 12.44 bushels per acre. This cannot be regarded as a maximum as much has yet to be learned in regard to farming methods, greater improvement can be made in varieties and many farmers can improve in efficiency.

In all the states also up to the present new land has been in process of development and the conditions including lack of capital have been adverse to the best yields being secured from the land.

This has operated in all the states and will continue to operate for some time.

The peak in the average yield will not be reached until a few years have passed after all important new land has been brought under wheat.

In estimating what the average yield for each state will be within a reasonable time consideration must be given to the rainfall, the character of the soil, the stage the state has reached in agricultural development, the amount of new land to be opened up and the general efficiency of the farmers.

On this basis it is estimated that the average yield of each state within 20 years should be New South Wales 13.5, Victoria 16.0, South Australia 14.0, West Australia 12.0, Queensland 13, Tasmania 18.5.

TABLE II

	Ultimate Total Acreage	Used for Hay, etc., 8 Per Cent	Total Area Grain	Average Yield Per Acre	Total Yield Bus
New South Wales	6,600,000	528,000	6,072,000	13.5	81,972,000
Victoria	5,000,000	400,000	4,600,000	16.0	77,480,000
South Australia	4,293,400	343,400	3,950,000	14.0	54,300,000
West Australia	5,500,000	440,000	5,060,000	12.0	60,720,000
Queensland	750,000	60,000	690,000	13.0	8,970,000
Tasmania	25,000	....	25,000	18.5	462,500
Total	22,168,400	1,771,400	20,397,000		283,904,500

While this is an estimate of the acreage that will probably be ultimately sown each year with wheat in Australia actual realisation will be achieved only by slow degrees. It will mean the extension of wheat growing into areas yet untouched where the conditions are less favourable than in the existing wheat growing areas. This will call for courage, determination, initiative and efficiency in farm management, together with the closest co-operation between farmers and by the government with farmers.

It will need also the full utilisation of lands in the existing areas and the adoption of most efficient methods in order that lands which are on the margin shall be profitably cultivated. The ability hitherto shown by farmers and the progress that has been made at any rate encourage a belief that the objective will be achieved.

TABLE III

AUSTRALIAN WHEAT EXPORT VALUES

(Compiled from official figures issued by the Commonwealth Statistician and Actuary)

	1921–22	1922–23	1923–24	1924–25	1925–26	1926–27	1927–28	1928–29
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Price per bus.–	5– 9	5– 5	4– 8	6– 8	6– 4	5– 7	5– 6	*5– 0

* Figures for eleven months to 31-5-29.

APPENDIX A

Area Under All Crops, 1860 to 1924–25

Season	New South Wales	Victoria	Queensland	South Australia	West Australia	Tasmania	North. Ter.	Fed. Cap. Ter.	Australia
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
1860– 1	260,798	387,282	3,353	359,284	24,705	152,860	....	....	1,188,282
1870– 1	426,976	692,840	52,210	801,571	54,527	157,410	....	....	2,185,534
1880– 1	629,180	1,548,809	113,978	2,087,237	57,707	140,788	....	....	4,577,699
1890– 1	852,704	2,031,955	224,993	2,093,515	69,678	157,376	....	....	5,430,221
1900– 1	2,445,564	3,114,132	457,397	2,369,680	201,338	224,352	....	....	8,812,463
1910–11	3,386,017	3,952,070	667,113	2,746,334	855,024	286,920	360	....	11,893,838
1920–21	4,465,143	4,489,503	779,497	3,231,083	1,804,987	297,383	296	1,966	15,069,858
1921–22	4,445,828	4,530,312	804,507	3,378,764	1,901,680	293,708	283	1,942	15,357,024
1922–23	4,694,287	4,862,548	863,755	3,575,452	2,274,998	298,611	427	2,172	16,572,250
1923–24	4,809,591	4,682,144	871,968	3,562,551	2,323,070	279,122	440	2,300	16,531,186
1924–25	4,912,124	4,761,394	1,069,837	3,557,405	2,710,856	263,872	342	2,361	17,278,191

APPENDIX B

Wheat Production in Each State and Total Production in Australia

(Compiled from official figures issued by the Commonwealth Statistician and Actuary)

Year	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Fed. Capital Territory	Total Australia
	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels
1923–24	33,171,300	37,795,704	243,713	34,551,955	18,920,271	305,628	4,700	124,993,271
1924–25	59,752,435	47,364,495	2,779,829	30,528,625	23,887,397	231,388	14,565	164,558,734
1925–26	33,800,619	29,255,534	1,973,477	28,603,101	20,471,177	395,603	4,881	114,504,392
1926–27	47,373,713	46,886,020	379,339	35,558,711	30,021,616	537,000	5,487	160,761,886
1927–28	27,041,100	26,160,814	3,783,584	24,066,012	36,370,219	773,142	4,004	118,198,875
1928–29*	49,798,200	47,000,000	3,000,000	28,070,000	31,906,693	700,000	....	160,474,893

* Final estimate.

APPENDIX C

Area Under Wheat in Each State and in Australia

(Compiled from official figures issued by the Commonwealth Statistician and Actuary)

Year	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Fed. Capital Territory	Total Australia
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
1923–24	2,945,040	2,454,117	51,149	2,418,415	1,656,915	14,503	295	9,540,434
1924–25	3,549,367	2,705,323	189,145	2,499,852	1,867,614	12,954	711	10,824,966
1925–26	2,924,745	2,513,494	165,999	2,465,648	2,112,032	19,091	267	10,201,276
1926–27	3,352,298	2,915,315	57,084	2,768,403	2,571,187	23,194	438	11,687,919
1927–28	3,029,950	3,064,172	215,073	2,941,360	2,998,523	29,448	562	12,279,088
1928–29*	4,072,600	3,800,000	200,000	3,317,500	3,163,409	30,000	....	14,583,509

* Final estimate.

APPENDIX D

Average Yield of Wheat per Acre in Each State and in Australia

(Compiled from official figures issued by the Commonwealth Statistician and Actuary)

Year	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Fed. Capital Territory	Total Australia
	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels
1923–24	11.26	15.40	4.76	14.29	11.42	21.07	15.93	13.10
1924–25	16.83	17.51	14.70	12.21	12.79	17.86	20.49	15.20
1925–26	11.56	11.64	11.89	11.60	9.69	20.72	18.28	11.22
1926–27	14.13	16.08	6.65	12.84	11.68	23.15	12.53	13.75
1927–28	8.92	8.54	17.59	8.18	12.13	26.25	7.12	9.63
1928–29*	12.23	12.37	15.00	8.46	10.09	23.33	....	11.00

* Final estimate.

II

CHINA'S COTTON INDUSTRY: A STATISTICAL STUDY OF OWNERSHIP OF CAPITAL, OUTPUT, AND LABOR CONDITIONS

MISS S. T. KING AND D. K. LIEU

FOREWORD

The cotton industry, being the most important of China's modern industries, deserves a detailed statistical study. Fortunately, the Chinese Millowners' Association has published annual statistical statements for many years, and, although there are often inaccuracies in these statements, they are after all official figures, and are on the whole reliable. In addition, much material was collected by the former Bureau of Economic Information, by trained investigators under my direction. In connection with the present paper, some further investigation was especially made, in Wusih in particular, which is the second largest center of cotton mills in China, and the account of that city in this paper is based entirely on such investigation. Previous investigations of Shanghai and Tientsin cotton mills afford much material for the sections on Shanghai and Tientsin. Special books and magazines dealing with this industry are drawn upon for additional information.

Although under joint authorship of Miss S. T. King and myself, the paper was almost entirely written by the former, as I was engaged in the preparation of the paper on Foreign Investments. My own part in the preparation of this paper consisted only of supplying the data, suggesting the form in which it was to be written, and writing the section on history. Miss King did all the rest, including the checking over of the statistical figures, and a good deal of research work in other reference material. The proof was read partly by Mrs. Lieu and partly by myself.

D. K. Lieu

HISTORY

Cotton spinning and weaving as a handcraft industry has an existence in China of over ten centuries. According to one authority[1] the cotton plant was first introduced into China from India during the Tang Dynasty (618–907 A.D.), at the same time that Buddhism was introduced. As a modern industry, on the other hand, cotton spinning and weaving had a very late origin. Li Hung-chang, the most far-sighted statesman of the Manchu Dynasty, was the first one to establish a cotton cloth factory in Shanghai in about 1888 known as Yang-pu-chu. Two years later another cotton factory, known as the New Spinning and Weaving Bureau (Fang-chih-hsin-chu) was also organized in the same locality. The former was within three years destroyed by fire and as the Manchu House was unwilling to appropriate more funds for its re-organization, Li asked Shen Hsuan-hwai to raise private capital for the purpose. At that time the organization of companies on the share capital basis was an innovation, and cotton spinning and weaving with modern machinery was another, and the public did not subscribe as much as one-third of the authorized capital of 800,000 taels. With much perseverance and resourcefulness Shen raised enough money to operate the factory under the name of Hwa Shen Cotton Spinning Factory with 65,000 spindles and 600 power looms. The Yang-pu-chu was therefore the first modern cotton factory in China.[2] It is now known as the San Sing Cotton Spinning and Weaving Co., Ltd., registered with the Government of Hongkong as a British Mill.

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[1] Hsu She-yen, *Outline of Chinese Industrial Development.*

In 1891 Chang Chih-tung, another far-sighted Viceroy of the Manchu Dynasty, planned the formation of four government mills in Wuchang, one for the spinning of cotton yarn, one for the weaving of cotton cloth, one for the manufacture of silk and one for the production of ramie cloth. Subsequently in 1894 the cotton mill was established, setting an example for the business men to follow, who soon organized such mills as the Yu Yuen and the Ta Shun of Shanghai and the Yeh Chin of Wusih as purely private enterprises. At the same time, the conclusion of the Treaty of Shimonoseki with Japan after the Sino-Japanese War of 1894 enabled foreigners to establish factories in Chinese treaty ports, and the latter were not slow to take advantage of the situation. The Americans started the Hung Yuen Cotton Mill in 1895 with 40,000 spindles, the Germans, the Sui Kee Mill, and the British, the Ewo and Lao Kung Mao Mills, all in Shanghai.[3] The last three began operations in 1897. The Japanese also planned the establishment of the Tung Hwa Company at Yangtszepoo, Shanghai, but later because it was found more profitable to operate the factory in Japan, the plant ordered from abroad was sent to Kobe instead and became the present Chung Yuan No. 2 Mill of that city.[4] On the other hand, these early mills—both Chinese and foreign—such as the Yu Yuen, Ta Shun, and Hung Yuen have, after having been reorganized a number of times, fallen into the hands of the Japanese, as have also many later Chinese mills. Many new mills were established later by the Japanese in China until now the number of spindles owned by them comes next to that of Chinese ownership.

According to a Japanese authority,[5] the modern development of the cotton industry in China may be divided into four periods as follows:

(1) From 1890–1904, when modern cotton mills were first set up in China, encountering much hardship and opposition;

(2) From 1905–1914, when the industry gradually developed;

(3) From 1915–1921, when it underwent a rapid growth due to the European War; and

(4) From 1922 to the present day, when Japanese influence asserted itself in the Chinese cotton industry.

This division into four periods is on the whole correct. It did take quite a few years for the industry to take root in Chinese soil, and the growth was rather slow until the beginning of the European War when the diminution of imported yarn and piece goods greatly accelerated the development of cotton mills in China. A setback took place after the European War was over, and British imports again competed with Chinese factory products on Chinese soil. Yet after a year or two the local Chinese mills were on their feet again, and in 1924–1925 the Chinese had more mills, spindles and looms than in any preceding year. The Japanese mills did make their influence felt in China, during the fourth period, but this does not mean that the Chinese mills were worse off than before.

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[2] *The Cotton Spinning and Weaving Industry of Kiangsu*, published by the Board of Industries of Kiangsu in 1919.

[3] *Ibid.*, p. 1.

[4] Imura, *Chinese Textile Industry and Cotton Products* (translated by Chow Pei-lan), p. 3.

[5] *Ibid.*, pp. 1–10.

There were two other important episodes in the history of the Chinese cotton industry which are not taken into account in the brief summary of events. The first is the sudden demand for cotton piece goods in Manchuria immediately after the Russo-Japanese War of 1905–6. Many of the Kiangsu mills installed additional looms to meet this demand; in fact some of them depended upon the Manchurian market for their business. This enabled them to utilize their yarn in a more profitable manner than by selling for cash to the old-fashioned hand loom manufacturers.[6] Another is the adoption of differential tariff rates for different grades of cotton yarn at the Shanghai Tariff Conference of 1918. This was a great blow to Japanese imported yarn and encouraged the establishment of Japanese mills in China. While in 1918 there were only 290,000 spindles owned by Japanese merchants in their Chinese mills, in 1921 the number increased to 867,000.[7] It was probably not until this time that the Japanese began in earnest to establish cotton mills in China, whereas hitherto they had preferred to send their home manufactures to this country. This is really an important turning point, for otherwise Japan might have maintained her original policy and have been contented with a few mills in China.

COTTON MILL STATISTICS

Since the Chinese Cotton Millowners' Association[8] has published annual statistics of Chinese cotton mills, these show very clearly the steady development of the cotton industry in recent years. Figures for 1919–1928 are reproduced here-

TABLE I

Year	No. of Mills in Operation	No. of Spindles in Operation	No. of Looms in Operation
1919	29	659,732	2,650
1920	37	856,894	4,540
1921	51	1,238,902	6,650
1922	64	1,593,034	7,817
1923	55	1,493,672	8,581
1924	58	1,650,004	10,461
1925	65	1,832,352	10,621
1926	67	1,982,272	11,121
1927	64	1,878,023	12,283
1928	67	1,848,132	11,350

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[6] D. K. Lieu, *China's Industries and Finance,* p. 13.

[7] Imura, *op. cit.,* p. 9.

[8] The Chinese Cotton Millowners' Association, Shanghai, was founded 11 years ago and has a membership of about 30 representatives from the various Chinese companies. H. H. Chou, of Tientsin, is president; T. K. Yung, of the Shen Hsin Co., vice-president, and T. M. Chang, secretary.

with. It is to be noted that the figures given in Table I have reference to mills under Chinese ownership only.

According to a Chinese authority,[9] fifteen cotton spinning mills, equipped with altogether 565,000 spindles, were founded in China in the 7 years from 1893 to 1899 with both foreign and Chinese capital at such places as Shanghai, Wuchang, Wusih, Ningpo, Hangchow, Soochow and Nantung. No new mills appeared during the next five or six years, but within the 12 years from 1905 to 1916, the number of mills was increased by 26 and that of spindles by 580,000, making a total of 41 mills and 1,145,000 spindles. During the World War, most of the British spinners and weavers, then the most formidable rivals of the Chinese spinners and weavers, were called to arms, and soon a marked dwindling in England's output of cotton products was noted. Because of the shortage in foreign products, the Chinese goods began to fetch higher prices on the China market, which fact greatly induced Chinese industrialists to establish more mills. Thus a rapid mushroom growth of cotton mills was brought about in China throughout the World War period and later years till in 1924 there existed in the whole country a total of 119 mills and 3,537,405 spindles, of which Shanghai claimed 73 mills with 2,077,133 spindles. Due to the unsettled conditions prevailing in the whole country, industrial as well as political, practically no new mills have been established in recent years. Table II shows at a glance the increase in the number of mills and their spindlage up to 1924, irrespective of nationality.

TABLE II

Year	No. of Mills	No. of Spindles
1891	2	65,000
1896	12	417,000
1902	17	565,252
1911	32	831,106
1916	41	1,145,136
1918	49	1,478,926
1920	63	1,650,641
1922	98	2,452,728
1924	119	3,537,405

Another series of statistics is also indicative of the growth of the cotton industry in this country. The Maritime Customs since 1921 has published figures for the exportation of Chinese factory products. By "Chinese factory" is meant any factory in China, whether owned by Chinese or foreigners. Both cotton yarn and piece goods are given under this separate heading, and in Table III are the figures reproduced in round numbers.[10]

CAPITALIZATION

According to the latest statistics compiled by the Chinese Cotton Millowners' Association, there are altogether 120 cotton mills in China including the Chin Feng Mill of Shensi, which is a Chinese-owned mill capitalized at $1,000,000 that has not

[9] Wu Chang Lo, *Industries of China*, p. 88.

[10] *Maritime Customs Reports*, 1921–1928.

TABLE III

Year	Cotton Yarn	Cotton Piece Goods
	Piculs	Hk. Tls.
1921	25,000	5,800,000
1922	38,000	5,700,000
1923	88,000	9,100,000
1924	146,000	12,000,000
1925	64,000	11,000,000
1926	192,000	12,000,000
1927	325,000	13,500,000
1928	330,000	11,700,000

yet started operation. Of these 120 mills, 73 are owned by Chinese, 44 by Japanese and 3 by British, representing a total capitalization of approximately $361,311,346,[11] or, to be exact, Tls. 74,232,390, $75,610,000 and Yen 151,480,000, of which China claims Tls. 37,832,390 and $75,610,000, England, Tls. 5,400,000, and Japan, Tls. 31,000,000 and Yen 151,480,000. It is a significant fact that while there are in the whole of China nearly twice as many Chinese mills as those of Japanese ownership, the total capital invested in this industry by the Chinese is only a little over half of the amount invested by the Japanese. In Shanghai alone, the Japanese are credited with having nearly five times as much capital invested in the cotton industry as the Chinese[12] but the fact cannot be ignored that many of the Japansee mills are only branch organizations of big spinning concerns in Japan whose interests are rather widespread and which naturally do not devote their whole capital to directing mills in China alone. For instance, the Dah Kang and the Fuji mills in China are branch mills operated by the Dai Nippon Boseki Kaisha and the Fujigasu Boseki Kaisha in Japan, and it will be erroneous to take the enormous figures of Y.52,000,000 and Y.45,500,000[13] as representing the capital of these mills individually instead of that of the head companies in Japan, whose activities may not necessarily be all confined to China. In every likelihood, the capital of the Fuji Mill itself is Yen 3,600,000[14] rather than Yen 45,500,000 which is the capital of the head company. And in the case of the Chung Yuan Mill in Tsingtao and the Kung Dah Mills in Shanghai, they do not have a separate capital of Tls. 10,000,000 each, as may be surmised by a mere glance over the list of cotton mills prepared by the Chinese Millowners' Association; it is the owner of these mills, the Shanghai Silk Spinning Co., that is capitalized at this amount, which company operates, besides these three cotton mills, two silk filatures in Shanghai. It is true, however, the capital of some of the Chinese mills is so limited as not to permit even of big-strike expansion.

The following is a list of all the cotton mills in China with particulars as to location, ownership, year of establishment, and capital. Unless otherwise indicated, the figures in Table IV are obtained from the Chinese Millowners' Association.

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[11] In converting taels and Japanese *yen* into Mexican dollars, the current exchange rates of M.$1.40 to a tael and M.$1.20 to a *yen* are used.

[12] *Far Eastern Review*, Vol. XXIV No. 5, p. 228.

[13] *List of Cotton Mills in China*, 1927, Chinese Millowners' Association.

[14] *Ibid.*, 1928.

TABLE IV

Name and Location	Work Started	Capital
Chinese-owned:		
Heng Foong, Shangai	1890	Tls. 1,080,000
Chen Hua Lee Kee, Shanghai (Anglo-Chinese)	1897 Reorg. 1927	Tls. 300,000
Shen Hsin No. 1, Shanghai	1916	$ 3,000,000
Shen Hsin No. 2, Shanghai	1907 Reorg. 1918	Tls. 300,000
Shen Hsin No. 5 (Teh Ta), Shanghai	1914 Reorg. 1925	760,000*
Shen Hsin No. 7 (Oriental), Shanghai	1896 Reorg. 1929	Tls. 1,500,000†
Peh Yi No. 1, Shanghai	1918	Tls. 1,000,000
Peh Yi No. 2, Shanghai	1924	Tls. 1,500,000
Hou Sun Chih Kee, Shanghai	1918	Tls. 2,000,000
Wei Tung, Shanghai	1921	$ 1,200,000
San Sing (reg. as a Br. mill), Shanghai	1913	Tls. 4,500,000
Tung Yih, Shanghai	1920	Tls. 1,500,000
Heng Dah (suspended), Shanghai	1921 Reorg. 1928	$ 1,000,000 Tls. 120,000
Wing On No. 1, Shanghai	1923 Reorg. 1925	$ 6,000,000 $ 1,530,000*
Wing On No. 2 (Ta Chung Hwa), Shanghai	1921 Reorg. 1928	Tls. 1,800,000‡
Wing On No. 3 (Hong Yu), Shanghai	1916	
Chen Tai, Shanghai	1920	Tls. 800,000
Ta Foong Ching Kee, Shanghai	1923	Tls. 1,500,000
Hong Chang, Shanghai	1921	Tls. 1,500,000
Tung Chang, Shanghai	1908	Tls. 336,000
Yung Yue H'u Kee (suspended), Shanghai	1921 Reorg. 1928	Tls. 200,000
Tsung Hsin (reg. as a Br. mill), Shanghai	1922	Tls. 1,500,000
Min Sun (engaged exclusively in spinning yarn from cotton waste), Shanghai	1922	Tls. 430,000
Chin Wei (engaged exclusively in spinning yarn from cotton waste), Shanghai	1924	$ 1,000,000
Dah Sun No. 1, Nantung	1899	Tls. 2,500,000
Dah Sun No. 1 B (Dah Sun No. 8), Nantung	1924	
Dah Sun No. 2, Tsungming	1907	Tls. 1,416,390
Dah Sun No. 3, Haimen	1921	Tls. 3,000,000
Dah Tung, Tsungming	1922	$ 960,000
Yeh Ching, Wusih	1895 Reorg. 1916	$ 200,000§
Chen Hsin, Wusih	1906	Tls. 1,000,000
Kwang Chin, Wusih	1917	Tls. 1,000,000
Ching Foong, Wushi	1921	Tls. 1,000,000
Yue Kang, Wusih	1921	Tls. 1,150,000
Shen Hsin No. 3, Wusih	1923	Tls. 2,000,000
Soo Lun, Soochow	1896 Reorg. 1928	Tls. 600,000
Yue Tai (rented to Fu Shun Co.), Changshu	1906 Reorg. 1929	$ 250,000 Tls. 150,000
Tai Tsang (rented to Li Tai Co.), Taitsang	1906 Reorg. 1927	Tls. 160,000

* *Chinese Economic Journal,* Vol. III, No. 5, p. 903.

† *Stock and Share Handbook,* 1929.

‡ Capital of Hong Yue Mill.

§ *Industries of China,* p. 116.

TABLE IV—*Continued*

Name and Location	Work Started	Capital
Changchow (rented to Shen Hsin No. 6), Changchow	1921 Reorg. 1925	$ 150,000
Dah Lun Chiu Kee, Changchow	1921 Reorg. 1925	$ 750,000
Kwang Hsin, Changchow	....	$ 240,000
Tung Cheng (engaged exclusively in spinning yarn from cotton waste), Changchow	1925	Tls. 230,000
Li Yung, Kiangyin	1908	Tls. 720,000
Hwa Hsin Tsin Chang, Tientsin	1918	$ 2,700,000
Hua Hsin Tang Chang, Luanhsien (Hopei)	1922	Tls. 2,200,000
Yue Yuan, Tientsin	1918	Tls. 7,200,000
Heng Yuan, Tientsin	1920	Tls. 4,000,000
Pei Yang Shang Yeh, Tientsin	1921	Tls. 2,000,000
Yue Dah, Tientsin	1922	$ 3,000,000
Pao Cheng, Tientsin	1922	Tls. 3,000,000
Hsin Chieh, Paoti	....	Tls. 150,000
(Li Sun), (Hopei)		
Dah Hsing, Shihchiachwang	1922	Tls. 2,100,000
Hupeh (rented to Fu Yuan Co.), Wuchang	1894 Reorg. 1928	Tls. 1,000,000*
Hankow No. 1, Wuchang	1919	Tls. 3,000,000
Yu Hwa, Wuchang	1922	Tls. 1,560,000
Tsen Huan, Wuchang	1922	Tls. 1,220,000
Shen Hsin No. 4, Hankow	1922	$ 1,000,000
Kwang Yih, Honan	1909	Tls. 1,500,000
Yu Foong, Honan	1920	Tls. 2,000,000
Cheng Hsing, Honan	1919	$ 60,000
Hua Hsin Wei Chang, Honan	1922	Tls. 2,000,000
Tung Yih Kung (belonging to San Yu Shih Yeh Se of Shai), Hangchow	1897 Reorg. 1928	Tls. 600,000
H'u Foong, Ningpo	1906	Tls. 900,000
Tung Hui Kung, Hsiaoshan (Chekiang)	1899	Tls. 450,000
Lu Foong, Tsinan	1916	Tls. 2,200,000
Hwa Hsin Tsing Chang, Chimuhsien (Shantung)	1920	Tls. 2,700,000
Yu Chung No. 1, Wuhu	1919	Tls. 1,000,000
Hunan No. 1, Changsha	1921	Tls. 2,800,000
Chin Hwa, Yutsihsien (Shansi)	1924	Tls. 1,500,000
Liao Ning, Shenyang (Mukden)	1922	F. $ 4,500,000
Chiu Hsing, Kiukiang	1926	Tls. 1,800,000
Chin Foong (not opened yet), Shensi	....	$ 1,000,000
Dah Yih Cheng, (Hsinkianghsien) (Shansi)	1927	Tls. 470,000
British-owned:		
Ewo Cotton Mills, Ltd.:		Tls. 5,400,000
Ewo, Shanghai	1895	
Kung Yik, Shanghai	1907	
Yangtszepoo, Shanghai	1914	
Japanese-owned:		
Shanghai Spinning & Weaving Co., Shanghai:		Tls. 6,000,000
No. 1 Mill, Shanghai	1895	
No. 2 Mill, Shanghai	1896	
No. 3 Mill, Shanghai	1920	
No. 4 Mill, Shanghai	1928	
Japan-China Spinning and Weaving Co.:		Yen 11,000,000‖
Pootung, No. 1 Mill, Shanghai	1918	

‖ *Chinese Textile Industry and Cotton Products*, p. 292.

TABLE IV—*Continued*

Name and Location	Work Started	Capital
Pootung No. 2 Mill, Shanghai	1918	
Tsaokiatu No. 3, Shanghai	1921	
Tsaokiatu No. 4 Mill, Shanghai	1923	
Hsi H'u (Pao Cheng) No. 1, Shanghai	1925	
Hsi H'u (Pao Cheng) No. 2, Shanghai	1925	
Hwa Foong Mill, Woosung	1921	
(Kwaho Boshoku Kaisha)	Reorg. 1924	
Naigai Wata Kaisha, Ltd.:		
No. 3 Mill, Shanghai	1911	Yen 16,000,000
No. 4 Mill, Shanghai	1912	
No. 5 East Mill, Shanghai	1915	
No. 5 West Mill, Shanghai	1915	
No. 6 Mill, Tsingtao	1918	
No. 7 Mill, Shanghai	1919	
No. 8 Mill, Shanghai	1919	
No. 9 Mill (Yue Yuan), Shanghai	1896	
No. 10 Mill, Tsingtao	1918	
No. 11 Mill, Tsingtao	1918	
No. 12 Mill, Shanghai	1922	
No. 13 Mill, Shanghai	1922	
No. 14 Mill, Shanghai	1922	
No. 15 Mill, Shanghai	1923	
Kingchow Mill, Kingchow	1924	Yen 2,500,000
Tokwa Cotton Spinning Co.:		
No. 1 Mill, Shanghai	1921	Yen 6,000,000
No. 2 Mill, Shanghai	1921	
No. 3 Mill, Shanghai	1921	
Dong Hsin Cotton Spinning Co.:		
No. 1 Mill, Shanghai	1922	
No. 2 Mill, Shanghai	1924	
Shanghai Silk Spinning Co.:		
Kung Dah, No. 1 Mill, Shanghai	1922	Tls. 10,000,000
Kung Dah No. 2 Mill (Lao Kung Mou), Shanghai	1896	
	Reorg. 1925	
Chung Yuan, Tsingtao	1923	
Dah Kong Mills, Shanghai	1922	Yen 52,000,000
(Branches of Dai Nippon Boseki Kaisha, Tsingtao)	1921	
Toyoda Cotton Spinning and Weaving Co., Shanghai	1921	Tls. 10,000,000
Yu Foong Mill (branch of Toyo Cotton Spinning Co.), Shanghai	1922	Tls. 5,000,000
Fuji Mill (branch of Fujigasu Cotton Spinning Co.), Tsingtao	1922	Yen 3,600,000
Lung Hsing Mill (branch of Nisshin Cotton Spinning Co.), Tsingtao	1923	Yen 27,000,000
Pao Lai or Chang Chi Mill (branch of Nagasaki Cotton Spinning Co.), Tsingtao	1924	Yen 5,380,000
Tai An Mill, Hankow	1924	Yen 5,000,000
Manchuria Mill, Fengtien	1924	Yen 5,000,000
Manchuria Fukubo Kaisha, Dairen	1925	Yen 30,000,000

EQUIPMENT AND OUTPUT

The Chinese Millowners' Association further reports that the 73 Chinese mills possess in all 2,113,528 yarn spindles, 68,352 thread spindles, and 16,783 looms, the

44 Japanese mills, 1,397,272 yarn spindles, 117,544 thread spindles, and 10,896 looms, and the 3 British mills, 153,320 yarn spindles and 1,900 looms, aggregating 3,664,120 yarn spindles, 185,896 thread spindles, and 29,579 looms. At the end of 1916, there were only 675,872 Chinese spindles, 310,072 British, and 146,372 Japanese, totalling 1,132,316.[15] The spindlage since then has, therefore, been more than trebled. With the exception of those of the British mills, not all the spindles and looms are put in use. Those actually in operation toward the end of 1928 are said to be 2,059,088 spindles and 12,901 looms in the Chinese mills and 1,397,272 spindles and 10,801 looms in the Japanese mills, turning out during the year 2,202,966 bales of yarn and 14,658,788 pieces of cloth. There are some 180 different brands of yarn and 130 different brands of cloth produced. The amount of output in each mill, of course, varies according to the quantity of raw materials supplied, the hours of working maintained, etc., aside from its working scope and normal capacity of production. Table V serves to show the number of yarn spindles and looms in each mill and the quantity of yarn and cloth produced in 1928.

TABLE V

Name of Mill	No. of Yarn Spindles	No. of Looms	Output of Yarn (in Bales)	Output of Cloth (in Pieces)
Heng Foong	44,400	612	39,380	566,096
Chen Hwa	13,548	....	9,000	....
Shen Hsin No. 1	38,880	1,110	21,321	473,290
Shen Hsin No. 2	36,000	....	24,000	....
Shen Hsin No. 5	33,208	....	25,920	....
Shen Hsin No. 7	53,004	1,286	36,000	34,500
Peh Yi No. 1	26,520	....	14,850	....
Peh Yi No. 2	24,000	500	16,776	....
Hou Sun Chih Kee	50,688	920	15,579	379,264
Wei Tung	26,112	....	18,510	....
San Sing	69,000	1,000	18,013	253,728
Tung Yih	50,688	....	36,460	....
Heng Dah	15,552	....	....	....
Wing On No. 1	38,400	1,186	33,000	520,000
Wing On No. 2	50,000	....	31,000	....
Wing On No. 3	66,800	240	24,600	....
Ta Foong Ching Kee	25,920	224	27,270	120,000
Chen Tai	20,920	....	11,240	....
Hong Chang	20,736	216	15,951	142,875
Tung Chang	11,592	....	1,920	....
Yung Yue H'u Kee	12,800	....	2,200	....
Tsung Hsin	34,000	....	33,570	....
Min Sun	8,500	....	9,000	....
Ching Wei	5,120	....	5,000	....
Dah Sun No. 1	75,380	720	44,376	261,125
Dah Sun No. 1B	16,724	....	18,600	....
Dah Sun No. 2	35,000	200	23,133	69,251
Dah Sun No. 3	30,340	422	24,160	116,404
Dah Tung	14,000	....	7,920	....
Yeh Chin	13,832	....	....	....
Chen Hsin	30,000	....	....	....
Kwang Chin	19,968	80	9,000	15,000
Ching Foong	18,400	350	12,000	60,000

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[15] *Industrial Handbook*, Vol. II, p. 7.

TABLE V—*Continued*

Name of Mill	No. of Yarn Spindles	No. of Looms	Output of Yarn (in Bales)	Output of Cloth (in Pieces)
Yue Kang	17,600	....	6,300	....
Shen Hsin No. 3	51,000	904	44,600	620,000
Soo Lun	22,568	200	14,300	....
Yue Tai	12,740	250	....	....
Tai Tsang	25,340	....	10,063	....
Changchow	14,264	....	10,000	....
Dah Lun Chiu Kee	10,000	260	7,000	150,000
Li Yung	15,000	....	5,850	....
Kwang Hsin	5,600	....	....	....
Tung Cheng	5,740	40	4,600	18,000
Hwa Hsin (Tientsin)	27,000	....	20,000	....
Hwa Hsin (Luanhsien)	24,700	250	17,702	....
Yue Yuan	71,360	1,000	55,833	724,051
Heng Yuan	35,440	310	29,361	116,581
Pei Yang Shang Yeh	25,000	....	21,350	....
Yue Dah	35,712	....	16,800	....
Pao Cheng	25,000	....	9,000	....
Hsin Chieh	13,480	....	800	....
Dah Hsing	24,768	300	23,796	123,672
Hupeh	90,000	655	54,300	400,000
Hankow No. 1	88,160	1,200	139,760	259,200
Yu Hwa	40,000	500	24,750	297,000
Tsen Huan	26,336	250	18,000	....
Shen Hsin No. 4	17,600	273	13,000	190,000
Kwang Yih	29,000	....	....	....
Yu Foong	53,000	200	35,000	30,860
Cheng Hsing	2,880	....	1,171	....
Hua Hsin Wei Chang	22,400	....	18,480	....
Tung Yih Kung	20,360	225	....	....
H'u Foong	23,200	....	24,000	....
Tung Hui Kung	14,560	....	6,000	....
Lu Foong	26,000	....	47,600	....
Hwa Hsin Tsing Chang	32,000	....	17,000	....
Yu Chung No. 1	15,200	....	6,751	....
Hunan No. 1	40,000	300	28,000	....
Chin Hwa	13,600	....	9,000	....
Liao Ning	20,480	200	14,320	68,141
Chiu Hsing	25,360	300	11,500	....
Chin Foong	15,000	....	....	....
Dah Yih Cheng	6,048	....	2,106	....
Ewo	72,312	....	....	....
Kung Yik	25,376	1,900	129,522	....
Yangtszepoo	55,632	....	....	....
Shanghai Spinning and Weaving Co.:				
No. 1 Mill	20,392	648	....	....
No. 2 Mill	25,480	583	....	....
No. 3 Mill	50,552	1,052	76,055	1,551,060
No. 4 Mill	35,328	69	....	....
Japan-China Spinning and Weaving Co. Mills:				
Pootung Nos. 1 and 2	52,256	500	....	....
T'kiatu Nos. 3 and 4	55,552	....	145,170	314,400
Hsi H'u Nos. 1 and 2	111,424	....	....	....
Hwa Foong	25,600	....	17,436	....
Naigai Wata Kaisha:				
No. 3 Mill	23,040	....	13,046	....

TABLE V—*Continued*

Name of Mill	No. of Yarn Spindles	No. of Looms	Output of Yarn (in Bales)	Output of Cloth (in Pieces)
No. 4 Mill	40,000	...	11,276	...
No. 5 E. and W. Mills	54,000	...	22,124	...
No. 7 Mill	...	800	...	610,920
No. 8 Mill	20,426	...	4,698	...
No. 9 Mill	24,752	800	...	744,070
No. 12 Mill	22,984	...	...	...
No. 13 Mill	24,000	...	10,158	...
No. 14 Mill	24,000	...	8,356	...
No. 15 Mill	32,000	...	8,682	...
Mills Nos. 6, 10, 11	63,200	...	52,000	...
Kingchow Mill	54,000	...	9,000	...
Tokwa Nos. 1, 2, and 3	45,440	...	25,000	...
Dong Hsin No. 1	41,600	1,040	10,370	722,320
Dong Hsin No. 2	28,000	...	...	...
Kung Dah Nos. 1 and 2	84,768	1,904	8,500	1,375,000
Dah Kong (Shanghai)	58,080	...	43,900	...
Dah Kong (Tsingtao)	58,000	726	60,000	600,000
Toyoda	61,536	960	24,000	840,000
Yu Foong	48,800	...	42,000	...
Fuji	31,360	...	29,000	...
Chung Yuan	46,592	1,010	10,800	756,000
Lung Hsing	26,360	...	21,260	...
Pao Lai	32,768	...	15,800	...
Tai An	24,816	300	10,000	10,000
Manchuria	31,360	504	8,784	234,980
Manchuria Fukubo	18,816	...	8,241	...

Geographically, the cotton mills in China are distributed as in Table VI.

TABLE VI

Place	No. of Mills	Total	No. of Spindles Yarn and Thread	Total	No. of Looms	Total
Chinese:						
Kiangsu	43	...	1,259,312	...	10,820	...
Hopei	9	...	289,756	...	1,860	...
Hupeh	5	...	265,336	...	2,878	...
Honan	4	...	107,280	...	200	...
Chekiang	3	...	58,120	...	225	...
Shantung	2	...	65,500	...	...	...
Shansi	2	...	19,648	...	...	...
Hunan	1	...	40,000	...	300	...
Liaoning	1	...	21,368	...	200	...
Kiangsi	1	...	25,360	...	300	...
Shensi	1	...	15,000	...	...	...
Anhwei	1	73	15,200	2,181,880	...	16,783
Japanese:						
Shanghai	32	...	1,127,544	...	8,356	...
Tsingtao	8	...	258,280	...	1,736	...
Liaoning	2	...	24,816	...	504	...
Hankow	1	...	85,360	...	300	...
Darien	1	44	18,816	1,514,816	...	10,896
British:						
Shanghai	3	3	153,320	153,320	1,900	1,900
Total	...	120	...	3,850,016	...	29,579

SHANGHAI

Beyond contradiction, Shanghai, with 59 mills of 1,939,708 yarn spindles, 160,652 thread spindles, and 17,650 power looms,[16] is the nucleus of the cotton industry in China. It was in Shanghai that the first cotton mill in China was established. The Shanghai cotton industry now involves a total investment of $216,366,400, approximately, laid out not by China alone but also by two other nationalities, the British and the Japanese. Of the 59 mills, 24 are under Chinese ownership and have an aggregate capital of Tls. 22,626,000 and $13,730,000, or $45,406,400. Ten of these mills maintain weaving departments. As there are about 776,388 yarn spindles, 43,108 thread spindles, and 7,394 looms,[17] the average number of spindles for each spinning mill may be placed at 32,350 yarn and 1,769 thread spindles, and the average number of looms in each weaving mill at 739–740.

A Chinese mill in Shanghai is usually divided into departments, with a managing director or a board of directors as head. There are, generally, two systems of dividing a mill into departments.[18] One system divides the mill into two chief departments only; the business department and the works department. There is a manager in the business department who is directly responsible to the general manager and controls receipts and expenditures and attends to the mill's general business affairs. He has under him the accountant who takes charge of the wages department, the store keeper who looks after products and raw materials, and the engineer who supervises the mechanics caring for the machinery. The works department is comprised of the cotton cleaning room where cotton is cleaned and made into laps for carding, the carding and drawing room where the cleaned cotton is combed and made into slivers and where the preliminary step of doubling takes place, the slubbing and roving room where the slivers are further drawn out, twisted and doubled, the spinning room where yarn is spun, the reeling room from which emerges the finished product, and the packing room where the finished yarn is packed for disposal. In each room there is a supervisor with two or three assistants to oversee the operatives. The technical expert is head of the works department and is responsible for all the affairs of that department. In addition to the above officers, a mill generally has a mill manager working under the managing director. This post, nevertheless, may be concurrently held by either the general manager or the chief technical expert. Another system of organization calls for a number of departments or sections, each having a chief and an assistant who are responsible for one particular branch of the management. Separate departments are maintained for the conduct of general affairs, miscellaneous affairs, accounting, handling of raw materials and finished products, and running of the works. In the case of a weaving mill, there are usually a dyeing and sizing room, a reeling room, a warp-preparing room, a weaving room and a finishing room.

Mechanically, a mill is equipped with bale-breaking machines, feeding machines, openers, scutchers, carding frames, draw frames, slubbers, roving frames, spinning frames, twisting frames, packing machines, power looms, etc., all worked by steam or electric power. Before the World War British manufacturers like Dobson & Barlow, Howard & Blaugh, Platt Brothers, Asa Lees & Co. and John Hetherington, were the chief suppliers of textile machinery to the Chinese mills in Shanghai, but during the war, the mills, finding it difficult to purchase machinery from Great Britain, began to place their orders with American makers. Consequently, mills, like the Hou Sun, established after 1915, are mostly equipped with American machines. The products of Saco Lowell and Knoweless & Marble have found special favour with the Chinese millowners. Japanese machinery is not very popular, but the Toyoda loom is in use in some of the mills. There are as yet no Chinese made machines to speak of, but in recent years some enterprising Chinese machine works have constructed several useful pieces of textile machinery, such as power looms, braiding machines, spindles, twisters, cotton gins, etc., and it is hoped that as time goes on these home-made machines will be improved upon and new inventions brought into existence for use by the Chinese mills.

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[16] *Chinese Millowners' Association Report,* 1928.

[17] *Industries of China,* p. 116.

[18] *Chinese Economic Journal,* Vol. III, No. 5, p. 901.

In point of equipment, the Wing On No. 1 Mill and the Tung Yih Mill are worth mentioning. The former has 2 bale-breakers, 4 feeding machines, 4 openers, 7 scutchers, 20 draw frames, 20 slubbers, 37 intermediate frames, 54 roving frames, 110 spinning frames of 320 spindles each, 130 twisting frames and 6 packing machines in the spinning departments, and 758 looms, 8 warping frames, 4 sizing machines, etc., in the weaving department. The latter has 3 bale-breakers, 6 feeding machines, 8 openers, 8 scutchers, 110 carding machines, 18 draw frames, 15 slubbers, 21 intermediate frames, 30 roving frames, 72 spinning frames of 288 spindles each and 36 of 384 spindles each, 346 twisting machines and 9 packing machines, 55 slubbing and roving frames, 56 spinning frames of 280 spindles each, 32 doubling machines, 4 packing machines, besides a number of sizing and calendering machines, etc., in the thread department. The machines were ordered partly from England and partly from America. The British-made machines in the pioneer mills, such as the San Sing and the Heng Foong, which were installed at the time of their establishment in the eighties, are too antiquated to be of efficient service. The Heng Foong new spinning plant, however, with an equipment of up-to-date American machines, does not fall far behind the Wing On or the Tung Yih in equipment. As regards the cost of machinery and installation, the average is estimated at about Tls. 20 per spindle and about $500-$600 per loom.[19]

Most of the Chinese mills are companies of limited liability, capitalized between $150,000 and $10,000,000. The Shen Hsin and the Yung Yue are the only two companies of unlimited liability, and the Heng Foong and the Chen Hwa (Anglo-Chinese) the only two financed by single proprietors. The San Sing and the Tsung Hsin are registered under the laws of Hongkong as British mills. Financially speaking, the Shen Hsin Cotton Spinning & Weaving Co., the Wing On Cotton Spinning & Weaving Co. and the San Sing Cotton Spinning & Weaving Co. rank first. The Shen Hsin Co. came into existence in 1916 with an initial capital of only Tls. 200,000, some 12,000 spindles and 250 looms. Its activities steadily grew till now it has as many as 7 mills to its name, the majority being re-organized from old mills. Nos. 1, 2, 5 and 7 are located in Shanghai, while Mill No. 3 is in Wusih, Mill No. 4 in Hankow and Mill No. 6 in Changchow, operating a total of 243,956 spindles and 3,573 looms, which turn out about 175,000 bales of yarn and 1,318,000 pieces of cloth yearly. The company has now a capital five times as great as its initial capital. The Wing On Cotton Spinning and Weaving Co. is an affiliated organization of the well-known Wing On Department Stores in Sydney, Canton, Shanghai and Hongkong, established in 1923 and capitalized at $6,000,000. Within the short period of its existence, it has acquired two other mills for operation, namely, the former Ta Chung Hwa and Hong Yue Mills, making altogether three mills under its control and increasing the value of its assets to over $10,000,000. In this connection, note must be made of the fact that in certain instances the figures given for capital of the mills in Table IV represent only the initial amounts, which have been increased in many cases. For example, the Hou Sun, Tung Yih, Poh Yi, etc., all have now capital between $2,000,000 and $3,000,000, and the Hong Yue, now Wing On No. 3 Mill, has increased its capital from Tls. 600,000 to Tls. 1,800,000.[20]

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[19] *Ibid.*, p. 906.

The mills under Japanese ownership in Shanghai are 32 in number, or eight more than the Chinese mills, and with greater financial backing, better shipping facilities, and experienced management, these mills have thrived and succeeded in earning for their owners the coveted title of being the greatest cotton yarn and piece goods manufacturers of Shanghai. Although the Japanese mills are in a position to challenge the Chinese to a keen competition for supremacy in the cotton world of China and the influence they possess over the Chinese cotton and cotton goods market is great, it is, nevertheless, an exaggeration to credit the Japanese with having made an investment of $200,000,000 in this industry in China alone, as one writer asserts.[21] For comparative study, the figures given by the said writer on capitalisation and the corresponding figures compiled from Table IV are recorded in Table VII (A) and (B) respectively.

TABLE VII (A)

	Chinese	British	Japanese	Total
Workers	44,934	16,500	58,113	119,547
Spindles	735,176	205,320	948,268	1,888,764
Looms	5,090	2,388	77,632	85,110
Capital	$39,986,667	$9,133,333	$200,000,000	$249,120,000

TABLE VII (B)

	Chinese	British	Japanese	Total
Workers	50,555	13,000	53,063	116,618
Spindles	776,388	153,320	1,035,600	1,965,308
Looms	7,398	1,900	8,356	15,754
Capital	$45,406,400	$7,560,000	$163,400,000	$216,366,400

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[20] *Ibid.*, p. 904.

[21] *Far Eastern Review*, Vol. XXIV, No. 5, p. 233.

In face of the facts that the Japanese mills are greater in number than the Chinese mills by only eight and that the total capitalisation of all the Japanese mills is placed at about $225,176,000, the smaller figure of $153,400,000 as representative of the Japanese investment in cotton mills in Shanghai seems more reliable.

The importance of the Japanese in the cotton industry in Shanghai is, nevertheless, unique. The following extract from the Far Eastern Times (Vol. XXIV, No. 5) is interesting:

> "Those Japanese directly connected with cotton mills in the city represent 1,196 families. The population directly connected with Japanese mills total 4,400. Of a total Japanese population in Shanghai of 25,000, nearly a quarter of them are directly connected with the cotton industry, and a large proportion of the rest are doing business of one kind or another with the mills or are supported by the mills in one way or another. A total of 60,000 Chinese are supported by Japanese mills in Shanghai. Counting in their families brings the total up to 200,000."

Among the Japanese mills, the Naigai Wata Kaisha merits a short resume of its history, as it is the only single company that is operating the greatest number of mills in China. This company was first organised by Japanese merchants in 1887 in Kobe, Japan. In less than two decades, that is, from 1887 to 1924, 17 mills were either established or brought under its control. Only two of these 17 mills are located in Japan; the other 15 are distributed in China as follows: 11 (Mills Nos. 3, 4, 5E., 5W., 7, 8, 9, 12, 13, 14 & 15) in Shanghai, 3 (Mills Nos. 6, 10 & 11) in Tsingtao, and 1 in Kingchow, Fengtien. The company established its first mill in China at Shanghai in 1911, namely, the No. 3 Mill. The company is capitalised at Yen. 16,000,000.

The Japan-China Cotton Spinning and Weaving Co. is another well-known Japanese company engaged in the cotton industry. Originally it was the International Cotton Mill which was established by Americans and later reverted to British control. It came into the possession of the Japanese in July, 1918. It is capitalised at Yen. 11,000,000 and operates a chain of no less than 6 mills, all located in Shanghai.

There are only three British mills operating in this port and these three represent the whole British possession of cotton mills in China. Not very long ago, the British had five, but the Lao Kung Mou was sold to the Japanese in 1925 while the Oriental went into liquidation last year and early this year was acquired by the Shen Hsin Cotton Spinning and Weaving Co., leaving only three in the field. The three mills now operating—the Ewo, the Kung Yik and the Yangtszepoo Mills—have been formed into a merger known as the Ewo Mills, Ltd., directly under the management of Jardine, Matheson & Co. The Yangtszepoo Mill was established more than 30 years ago in Hongkong under the name of the Hongkong Cotton Spinning, Weaving & Dyeing Co. and was in 1914 removed to Shanghai. The Kung Yik was at the beginning a purely Chinese concern but later went into the hands of the British. The Ewo Mill was established in 1895 and is considered one of the best-equipped and best-operated mills in Shanghai.

Most of the modern mills in Shanghai are two stories high, but the Japanese seem to prefer buildings of one story, made of brick, the advantage of this being that brick buildings are less apt to hold heat and dampness than concrete ones.

In the case of a foreign mill, there is usually one No. 1 woman in the card-room assisted by two No. 2 women directly responsible for the flyer frames, and sometimes another No. 2 woman who supervises the draw frames. Supervision in the reeling room is left to a No. 1 and a No. 2 man with the production checked by schroffs. In the mixing room, one coolie works on the hopper feed bins and in the scutching room, one on each opener and scutcher. In the card room, there is one coolie to eight cards, and a lap carrier and two strippers for each 60 cards. The latter also prepare the cards for setting and grinding, but the actual grinding is done by the No. 2 man. There is one woman per slubber on the draw frames, sometimes with a girl assisting. The slubbers are about 80 spindles, 10 inch lift and 350 R.P.M. The average production is about 8.1 hanks per spindle of 7.1 hanks roving. Each roving frame is watched by one woman with assistance from a boy during doffing. There is usually one such boy to every seven frames. There are about 160 spindles, 7 inch lift at 420 R.P.M. Production averages 6.7 hanks per minute per 12 hours on 2.84 hanks roving. Wrapping boys, sweepers and oil coolies are also employed. It is customary to have two women on each ring frame of 404 spindles, 5 inch lift, with 1⅝ to 1¾ inch rings. The spindle speed is usually 7,500 to 8,000 R.P.M.; roller speed 130 to 200 R.P.M. of ⅞ to ¾ inch diameter. Production is about 7.9 hanks per spindle per 12 hour shift, or an average weight of 19,000 pounds for 42,000 spindles. Reelers attend to one frame of 40 threads each, either power or hand. This general description of a modern mill's staffing is applicable to most Shanghai mills.[22]

Regarding labor conditions in the mills, labor is, on the whole, well treated. The Chinese mills in most cases maintain two shifts, one day and one night, of 12 hours each from 6 a.m. to 6 p.m. and from 6 p.m. to 6 a.m., with a short break at mid-day or mid-night as the case may be. In some mills, the workers take the day and night shifts alternately every one or two weeks. Sunday is observed as a holiday by most of the mills, but not by all; there are mills that give a holiday every ten instead of seven days. Only a few holidays were given in former times, but now since the workers have had many a factory regulation modified to conform with their own desires expressed through negotiations or strikes, general national commemoration days are usually observed as holidays. The working year covers some 240 days, but often owing to trade depression, shortage of raw materials, labor troubles, etc., the mills can hardly carry on their operations without interruption throughout the year.

Regarding wages, investigations show that they are now 80-100 per cent higher than ten years ago,[23] resulting in a corresponding rise in the cost of production and consequently in an increase in the price of the cotton product. The workers are paid by the day or on the piece basis. In the former case a worker in the spinning room receives from 40 to 60 cents a day, and this pay is subject to increase or reduction according to whether the work done is above or below the amount set as the limit of the daily output, while in the latter case the amount one receives as pay is commensurate with the amount of work done at so much a unit and is therefore determined by the worker's individual skill and experience. The pay ranges from 40 cents a day for a fresh hand to 70 cents for an experienced worker, or 50 cents for the average worker. Foremen, woman overseers, and mechanics are, however, paid by the month, receiving from $30 to $40 monthly. As a rule, a worker being sick is entitled to free medical treatment and in some cases to a week's regular pay; in case of injury sustained by accident while on service, one is given full pay till recovery; if the injured person is incapacitated for life, a substantial compensation in money or life-long pension is usually granted; and in case of death of a worker, monetary donation from the management to the family of the deceased is commonly deemed necessary. Four to six weeks' leave, generally with full pay, is obtainable in case of child-birth.

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[22] *Ibid.*, p. 231.

[23] *Chinese Economic Journal,* Vol. III, No. 5, p. 910.

The mills do not as a rule provide the workers with free board, but there is generally a dining room in each mill where the workers can eat. Neither do the mills provide free lodging; in many cases, however, cheap lodging houses, usually of two stories, are built near the mills by the employers to be rented to the laborers at the nominal monthly rent of $3-$5 for two rooms spacious enough to accommodate 10 single workers, with free water.

The majority of male workers are employed in the cotton cleaning, sizing, packing, etc., rooms, while women are employed to work on drawing, slubbing, intermediate, roving, spinning and weaving frames. Foremen, mechanics, floor sweepers, carriers and coolies are, of course, all men. Children between 12 to 15 years old are also employed, some to work on the spinning frames and others to take care of the replacement of empty bobbins with full ones. The total number of laborers in the 24 Chinese mills in Shanghai is about 50,000, of whom 20 per cent are males, 75 per cent females and 5 per cent children. About 80 per cent are between 20 and 40 years of age, about 3 per cent between 12 and 15 years.[24] (There are only a few children under twelve.) Between 2 and 3 per cent are highly skilled and about 50 per cent are experienced. More than 50 per cent of the operatives are natives of Chekiang and Kiangsu and 30 per cent natives of Hunan, Hupeh, Kiangsi, Shantung, the rest being natives of Hopei (Chihli), Honan, Kwangtung and Fukien. Natives of Shanghai, Wusih and Changchow are said to be the most efficient of the workers. Most of the mills now employ workers directly instead of by contract with the foremen as was the practice formerly.

As an encouragement, bonuses, aside from regular wages, are given to mill hands in a foreign mill, such as rice money which is allowed because of the high cost of living, hank bonus which is paid to flyer tenders for hanks exceeding the set number, and attendance bonus which is granted for regular attendance at work. Usually those who do mixing, blowing and carding are given 40 cents a day plus 2.4 cents rice money and an attendance bonus of 6 cents, or 48.4 cents a day; those employed in the card room receive 44 cents a day plus 2.4 cents rice money and 9 cents hank bonus, amounting to 55.4 cents a day; and a female spinner earns 44 cents a day plus 2.4 cents rice money. One who works 13-14 complete shifts is, as a rule, entitled to a day's extra pay. In some mills, it is provided that when a laborer works a certain number of years, he receives 8 per cent of his annual wages in cash. In case of death among the employees, a grant is given to cover funeral expenses, as do the Chinese millowners.[25]

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[24] *Ibid.*, pp. 907 and 908.

For the welfare of its employees, many a foreign mill, like the Chinese mills, provides lodging rooms for occupancy by its workers at a small rent, and some even maintain a nursery where the babies can be taken care of during their mothers' absence at work, a hospital where free medical attention may be obtained in case of sickness, a school for the education of the workers' children, a recreation room for the enjoyment of the workers, etc. The following is a summary of the labor conditions in the leading Japanese mills:[26]

Naigai Wata Kaisha (operating 15 mills in China).—Number of Japanese employees, 460; Number of Chinese laborers, 15,400, of whom 6,600 are men and 8,800 women; Average daily wages, $0.568 each for men and $0.601 each for women; Number of working hours per day, 10½ (or 21 hours every two shifts); Number of working days per year, 300.

Shanghai Silk Spinning Co. (operating the Kung Dah Mills in Shanghai and the Chung Yuan Mill in Tsingtao).—Number of Japanese employees, 497; Number of Chinese laborers, 11,498 of whom 5,595 are men and 5,903 women; Number of working hours per day, 11 (or 22 hours every two shifts); Number of working days per year, 308.

China-Japan Cotton Spinning & Weaving Co. (operating 6 mills in Shanghai).—Number of Japanese employees, 226; Number of Chinese laborers, 11,248 of whom 2,937 are men and 8,311 women; Average daily wages, $0.567 each for men and $0.517 each for women; Number of working hours per day, 10.

Dah Kong Mill (Shanghai).—Number of Japanese employees, 82; Number of Chinese laborers, 3,690 of whom 819 are men and 2,871 women; Average daily wages, Tls. 0.387 each for men and Tls. 0.37 each for women; Number of working hours per day, 11 (or 22 hours every two shifts); Number of working days per year, 304.

Shanghai Cotton Spinning & Weaving Co. (operating 4 mills in Shanghai).—Number of officers, 145 Japanese and 84 Chinese; Number of Chinese laborers, 7,376 of whom 1,822 are men and 5,554 women; Average age, men, 31 and women, 28; Average daily wages, $0.5073 each for men and $0.5251 each for women; Number of working hours per day, 11 in the spinning department and 11½ in the weaving department with 30 minutes recess at noon for meals and 10 minutes rest at 3 p.m.; Number of working days per year, 308.

Tokwa Cotton Spinning Co. (operating 4 mills in Shanghai).—Number of Japanese employees, 45; Number of Chinese laborers, 2,400 of whom 660 are men and 1,740 women; Average daily wages, $0.56 each for men and $0.48 each for women; Number of working hours per day, 11; Number of working days per year, 308.

Yu Foong Mill (Shanghai).—Number of Japanese employees, 53; Number of Chinese laborers, 2,479 of whom 588 are men and 1,891 women; Number of working hours per day, 11 (or 22 hours every two shifts); Number of working days per year, 310.

[25] *Far Eastern Review,* Vol. XXIV, N. 5, p. 231.

[26] Imura, *op. cit.*

In case a year's working has netted a Chinese mill some profits, they are usually divided into shares and apportioned among the officers. Since 1923, however, all the mills have experienced a most difficult time and the few that have been able to hold their own are considered fortunate enough, let alone making profits. It was during the time that the Great War was raging in Europe that the mills in China reaped some handsome profits ranging from $100,000 to $500,000 each yearly, but a slump came after the boom when the war ended, which capriciously caused most mills to lose money and almost wiped some out of existence. According to one source of information,[27] the mills can hardly make any profit in the production of yarn, while in weaving cloth the margin of profit, if any, is exceedingly narrow. Another source,[28] however, states that a profit of 1.48 cents per pound or Tls. 3.25 per bale may be realised in yarn production. For example, it requires 3.5 piculs of cotton to produce a bale of three-picul yarn and the average price of cotton mixing is Tls. 30.5 per picul. If the manufacturing cost is placed at Tls. 25 and the selling price of yarn at Tls. 150 a bale, a profit of Tls. 3.25 is obtainable. But if the cost of the 3½ pounds of ginned cotton is put at Tls. 120, the manufacturing cost at Tls. 31–32, and the selling price of yarn at Tls. 150 a bale, a loss of Tls. 1–2 will result.[29]

Cost of cotton	106.75
Cost of spinning	25
Total cost of yarn	131.75
Selling price of yarn	135
Cost of production	131.75
Profit	3.25

The yarn produced by the Shanghai mills mostly ranges from counts 10 to 42. Only a small part is retained for use by the mills' own weaving departments; the bulk is shipped to the various trade ports as well as the interior of Chekiang and Kiangsi, and the balance exported to Formosa, Siam, Annam, Singapore and Turkey. The Chinese mills dispose of their yarn either by their own selling departments or through the yarn dealers, there being about 50 such dealers in Shanghai. The dealer when helping a mill sell yarn quotes the current price to the buyer, but charges the mill a commission of Tls. 0.20–0.50 for every bale thus disposed of. Payment is usually made by a 5-day bill drawn on a local native bank.

About 74–75 per cent of the total amount of raw cotton consumed by the Chinese mills in Shanghai is produced in China, about 20 per cent is imported from India and 5 to 8 per cent from America and Egypt.[29] The Chinese millowners in Shanghai regard the Yuyao and Shensi varieties as the best of the home-produced varieties of cotton and the Kiating and Taitsang cotton as second best. The foreign millowners consider Shensi cotton as best and Tungchow cotton second best. Raw cotton may be procured through the mills' own buying agents at places of production or through the Chinese Cotton Exchange or from cotton dealers. In purchasing seed cotton through a broker dealer, it is customary to pay half of the amount due in advance and the balance after the delivery of the consignment. A commission is charged to the seller by the broker. In buying lint, the payment is usually made in a 10-day bill drawn on some local native bank. The weight of a bale of cotton varies from 65 to 380 catties, according to local custom.

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[27] *Chinese Economic Journal,* Vol. III, No. 5, p. 912.

[28] *Far Eastern Review,* Vol. XXIV, No. 5, p. 232.

[29] *Chinese Economic Journal,* Vol. III, No. 5, p. 915.

WUSIH

Wusih, Tung-Tsung-Hai (meaning Nantung, Tsungming, and Haimen), Wu-Han (meaning Wuchang and Hankow), Tsingtao and Tientsin, together with Shanghai (including Paoshan), are the six leading centers of the cotton industry in China. We shall deal with each center separately but briefly, as some aspects of the mills in these places differ but little from those of the Shanghai mills and reiteration is, therefore, not necessary.

Industrially, Wusih is only second in importance to Shanghai. As a matter of fact, Wusih is famous for its numerous smokestacks. As regards its cotton industry, it has a history dating back only a few years less than that of Shanghai. It was in 1895 that the first mill, Yeh Chin by name, was established in this locality, revolutionising cotton spinning into a modern industry in the present accepted sense. The establishment of this mill may also be regarded as the herald of a new era of industrial development in China's inland territory. The Yeh Chin was closely followed by Chen Hsin and later by Shen Hsin No. 3, Kwang Ching, Yu Kang, and Ch'ing Feng. In 1921, there were over 150,000 spindles, but in recent years, the Chen Hsin, owing to mismanagement as well as business depression, and the Yeh Chin handicapped by its old and worn out machinery, have been forced to suspend operation. The present total number of spindles in operation all the time is only 123,200. Of these six mills, only Shen Hsin No. 3, Ch'ing Feng and Kwang Chin maintain weaving departments, possessing altogether 1,334 looms.[30]

The organisation of a Wusih mill is similar, in the main, to that of the Chinese mills in Shanghai, but it is usually divided into three general departments instead of two, namely, the Business Department, the Works Department and the Machine Department. The Business Department is composed of a Board of Directors whose approval is necessary in matters of importance, a manager who has authority over the whole mill and is responsible for its smooth running, a general accountant who is in charge of all the money matters pertaining to the mill, a wages accountant who takes care of the laborers' wages, a store keeper who looks after the raw materials and products, a chief of general affairs, and an officer in charge of miscellaneous affairs. The Works Department includes the ginning room where cotton is separated from the seeds, the mixing room where native cotton is mixed with imported cotton, the cleaning room where cotton is cleaned and made into laps for carding, combing and drawing, the coarse yarn room, where cotton slivers are further drawn out, twisted and doubled by slubbing and roving, the fine yarn room where fine yarn is spun, the packing room where the finished product is packed and the cotton waste room where is retained the refuse yarn. In each room is an overseer supervising the work. The head of this Department is the technical expert; in mills of the old type, this Department is usually put under the management of an old experienced foreman instead of a technical expert. The Machine Department comprises the engine room, the boiler and furnace room, the repair room, etc., of which department the engineer is the chief, assisted by a number of mechanics, carpenters, blacksmiths, oilers, stokers, etc. The weaving mill, being more a subordinate department than an independent factory by itself, has no separate business and works departments although it has separate rooms for the different stages of weaving, such as the warp and woof room, where the warp and woof yarns are prepared, the sizing room where the yarns for the warp are glazed with size, the weaving room where the warp and woof yarns are interwoven into cloth, the finishing room where the cloth woven is inspected and mended, folded, marked and packed.

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[30] The Wusih account is all based on special investigation.

The whole equipment of machines of the Yeh Chin Mill, which was ordered from Dobson & Barlow, England at the time of its establishment some thirty-four years ago, is quite out-of-date, and as a result of this poor equipment, the mill's output falls far behind that of the other mills. All the machinery of the Shen Hsin No. 3 Mill was made to order by Howard & Blaugh in England and Saco Lowell in the United States and that of the Ch'ing Feng Mill by John Hetherington of England about ten years ago. The machinery installed in the Kwang Chin Mill was also supplied by John Hetherington, but it was manufactured about thirteen or fourteen years ago. The Yu Kang Mill is also equipped with machines from the same manufacturer, but they are of 1921–1922 makes, so the mill has the gratification of having the newest machines in Wusih—comparatively speaking, of course. The machinery of the Chen Hsin Mill, supplied by Dobson & Barlow and Asa Lees & Co., England, is more than 20 years old. This mill is in the same plight as the Yeh Chin and has suspended business with a view to adjustment, including installation of new machines. It is conjectured that when the mill re-opens, better results will be achieved as far as the rate of production is concerned. The major part of the machines in the weaving department of the Shen Hsin No. 3 Mill are of British make, the products of the Dickinson Factory; the rest were supplied by the Universal Winder Factory in the United States. The weaving departments of Ch'ing Feng and Kwang Chin are both equipped with British machinery.

As regards the cost of installation, it is now much higher than formerly. For instance, the Yeh Ching, established in 1895, installed 13,832 spindles at a total cost of a little over Tls. 300,000, or at an average cost of only Tls. 25–26 per spindle; the Chen Hsin, established in 1906, installed 30,000 spindles at some $1,100,000, or at less than $40 per spindle; in the case of the Yu Kang, established in 1921, the average cost was $47.50 per spindle and in that of the Shen Hsin No. 3, established in 1924, between $60 and $70 per spindle and $800 per loom.

The bulk of the cotton consumed by the Wusih mills comes from the province of Kiangsu, but cotton from Chekiang, Honan, Shensi, and Hupeh is also imported and used to some extent. Indian and American cotton is also imported, mostly for use in making very fine yarn and as an admixture. It is more convenient for Wusih to import cotton from such places of production as Changshu, Kiating, Taitsang and Kiangyin, but because the product of Changshu, Kiating, and Taitsang is generally shipped to Shanghai and the amount produced in Kiangyin is limited, Wusih has to depend largely on Nantung, Tsungming and Jukao as well as Shanghai and Chekiang for the supply of this raw material. The cotton from these places is good for spinning 16 to 20-count yarn, but the Pootung product is found suitable for spinning yarn of 10 to 14 counts only. A total amount of 350,000-360,000 tan of cotton a year is needed by the Wusih mills for spinning purposes. (1 tan=133⅓ lbs.)

The yarns produced are ordinarily of 10, 12, 14, 16 and 20-counts, although fine yarn up to 40-counts is also spun by the Shen Hsin Mill. Altogether there are about 15 brands. The "Jen Chung" brand of the Shen Hsin Mill, ranks first so far as marketability in Shanghai is concerned, but in the inland the Yueh E brand, produced by the Yu Kang Mill, commands the highest price. In capacity of production, the Shen Hsin No. 3 Mill also has the lead, while the Ch'ing Feng stands second. On the average, one spindle produces more or less one pound of 16-count yarn per day and night, but because of the oldness of its machinery, the Yeh Chin is capable of producing only ⅞ lb. of yarn per spindle. Owing to frequent interruption of operation due to shortage of materials, labor troubles and the like, the output of the mills at present represents only 70–80 per cent of what the mills can produce at full working. The finished product is mostly consumed in Kiangsu, Kiangsi (10 to 16-counts) and Szechuen (20-counts).

The Shen Hsin, the Ch'ing Feng and the Kwang Chin are also engaged in weaving. The Shen Hsin produces several varieties of cloth including checks, jeans, cotton ducks, and plain cloths, while the Ch'ing Feng makes but one kind of coarse cloth and the Kwang Chin manufactures cotton flannel only. The weight of a piece of cloth varies from 6–16 lbs. in the case of plain or twilled cloth to 20–24 lbs. in the case of cotton duck. Production averages 2 pieces per loom per day, but in weaving cotton duck, a loom can produce only 1½ pieces a day. The finished cloths are usually sent to Shanghai to be dyed, sold or re-exported. According to a recent investigation, the Shen Hsin turns out, approximately, 620,000 pieces yearly, the Ch'ing Feng 162,000 pieces and the Kwang Chin 35,000. During 1928, however, as shown in Table IV, the three mills produced 620,000, 60,000, and 15,000 pieces respectively.

As regards wages, the workers in Wusih mills are nearly all paid at piece rates or by the day. The highest paid are the mechanic-engineers who receive a monthly salary of $60 (as in the Yukang and the Yeh Chin mills) to $80 (as in the Kwang Chin) or even up to $100 (as in the Shen Hsin). Foremen, blacksmiths, carpenters, etc., receive from $30 to $50 per month, while oil-men are paid at $0.36–$0.46 a day. Earnings of the male operatives average $0.40–$0.50 a day. The lowest paid are the coolies, such as floor sweepers, lap carriers, etc., getting about $0.20 only a day. The packers are paid by the package at the rate of 0.55–0.60 cents for packing every small package of about 101–2 lbs. in weight with 7-8 cents extra for packing every 40 small packages into one bale. The women overseers, unlike the foremen, are paid by the day instead of by the month, receiving $0.80–$0.96 a day. Their assistants receive about $0.70–$0.75 a day. Female workers also get daily wages. A worker in the slubbing and roving room is paid 7–8 cents per hank or, calculating on the basis of 6 to 7½ hanks per twelve hours, \$0.42–\$0.50 per day. A spinner is paid 1.4 to 1.5 cents for attending a roller of 6 spindles and 1.8 to 1.9 cents for attending one of 8 spindles, and as an average hand can easily handle in a day 28 of the 6-spindle or 22 of the 8-spindle rollers, she earns over \$0.40 a day. A worker in the reeling room is paid at 1.4 to 1.5 cents per reel or \$0.40 more or less a day on the average speed of operation of 25–30 reels a day. About three or four years ago, to produce one bale of yarn eight dollars were required as the wages for workers, now this cost has increased by 1½ times to \$12.

Despite unfavorable conditions, the mills that were in operation last year made some profits, which were brought about by an increase in the selling prices for yarn and a decrease in the buying prices for cotton.

In the weaving departments of the mills, the workers are paid on the piece rate basis. The average earnings of the female workers in the reeling and warp-preparing rooms are \$0.40 a day each, and the women in charge of the looms are paid from \$0.17 to \$0.40 for every piece of cloth woven, according to the kind and weight of the cloth produced. Men are employed in the sizing and finishing rooms, paid at the average of \$0.45–\$0.60 a day each in the sizing room and \$0.30–\$0.50 each in the finishing room. The foremen receive from \$20 to \$40 a month.

There are, not counting in the workers of the Chen Hsin Mill which is in suspension, over ten thousand cotton mill workers in Wusih, and on the assumption that on the average a mill hand has to support, besides himself (or herself), two other persons, there are over 300,000 people in Wusih directly depending on the cotton industry for their livelihood.

Wusih is situated between Soochow and Changchow and, by means of the Shanghai-Nanking Railway and the Grand Canal, has easy access to the provinces of Chekiang and Kiangsu and the ports along the Yangtsze River. Such cotton producing centers as Nantung, Kiangyin, Taitsang and Changshu are all near neighbors to her and less than a day's journeying by rail will carry her inhabitants to and from Shanghai, the great cotton collecting and distributing center. Wusih has made good use of her opportunity of becoming a great industrial center and has every hope of becoming even greater.

WU-HAN

Before any cotton mills along modern lines were ever built in Wu-Han, introducing the use of textile machinery, cotton spinning and weaving had long been known in that locality and was most flourishing as a home industry pursued by almost every country girl and woman. The Hupeh Government Spinning and Weaving Bureau was established in Wuchang in 1891 by the Hupeh authorities, operating at first a silk mill only; later in 1894 the Bureau established a cotton yarn and a cotton cloth mill (the first cotton mill in Wu-Han) and in 1898 a ramie mill.[31] These are popularly known as the four Government mills of Wu-Han. The mills are now rented to the Fu Yuan Co. for operation and are also called the Fu Yuan mills. Toward the end of 1919, the Hankow No. 1 Mill was established in Wuchang with a capital of $3,000,000. This mill, suffering from the dire consequences of financial chaos and political unrest in Hupeh, is not working at present, and has been lying idle for some time. In 1922 two more mills came into being, namely the Tsen Hua and the Yu Hwa, capitalised at Tls. 1,560,000 and Tls. 1,220,000 respectively. That same year saw the putting up of the Shen Hsin No. 4 Mill in Hankow, followed two years later by the Tai An Spinning & Weaving Co. which is of Japanese ownership. The former is capitalised at $1,000,000 of unlimited liability[32] while the latter has Yen 5,000,000 at its command. Within recent years no new mills have been set up, largely because of the unsettled political situation in China which reflects badly on industrial development in any direction.

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[31] *Industries of China*, p. 116.

Most of the machines installed in these are British made, although American and occasionally German and Japanese machines are also in use. The machines used by the Fu Yuan are the oldest and the speed of production dependent on these machines is therefore necessarily lower than that of the other mills that have newer machines. The particulars in Table VIII give an idea of the working scope of each individual mill in Wu-Han.[33]

TABLE VIII

Name of Mill	Number Of			Annual Output	
	Spindles	Looms	Workers	Yarn (Bales)*	Cloth (Pieces)
Fu Yuan	90,000	655	7,200	54,300	400,000
Hankow No. 1	88,160	1,200	9,556	139,760	259,200
Yu Hwa	40,000	500	4,058	24,750	297,000
Tsen Huan	26,336	250	1,570	18,000	Not known
Shen Hsin No. 4	17,600	273	1,800	13,000	190,000
Tai An	24,816	300	2,200	10,000	10,000
Total	286,912	3,178	26,384	259,810	1,156,200

* The weight of a bale of yarn varies according to its counts; thus, a bale of 20-counts yarn weighs 420 lbs., that of 16-counts yarn, 430 lbs., that of 14-counts yarn, 452 lbs., etc.

According to the investigations of the former Bureau of Economic Information, the average total output of the Yu Hwa, the Tsen Huan and the Shen Hsin No. 4 is 250 bales of yarn and 2,100 to 2,400 pieces of cloth every 24 hours. The number of operatives in these three mills totals 8,800 of whom about 2,000 are males, 5,800 females and 1,000 children.

With the exception of the mechanics who receive $60–$80 a month, the mill workers in Wu-Han are paid either by the day or at piece rate. The average daily earnings range from $0.36 to $0.70 each for workers in the spinning departments and from $0.36 to $0.65 each for those in the weaving department, varying according to the kind of work one does and his individual skill. The packers, paid at 80 to 84 cents for packing every small package, can earn as much as a dollar a day, but their work requires great muscular exertion and is uncertain, depending on output. The daily working period covers 12 hours with a short break at midday. The night shift also covers 12 hours. Three to five cents extra are given to workers on night shift. A holiday is given every ten days and in summer, because of the hot weather, the Tsen Huan suspends one day every five days.[34] The mills generally provide lodging for their laborers at a nominal rent, without board. The Shen Hsin No. 4 maintains a school for the education of the workers' children and also a hospital for the benefit of the sick.

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[32] *Chinese Economic Journal,* Vol. III, No. 4, p. 825.

[33] *Eighth Report of the Chinese Millowners' Association.*

TIENTSIN

Cotton spinning and weaving in Tientsin,[35] Hopei, now one of the leading industries of that locality, has only eleven or twelve years of existence and owes its birth to the establishment of the Yu Yuan and Hwa Hsin mills in 1918. From that year on to 1922, 4 other mills were formed, known as the Heng Yuan, the Pei Yang, the Pao Cheng, and the Yue Dah. Nominally, these six mills are all of Chinese ownership with an aggregate capital of $21,900,000, but due to interruption of communications and business depression resulting from civil warfare, all, except the Hwa Hsin, had to resort to contracting foreign loans to escape bankruptcy. The lamentable consequence is that the Yu Yuan and the Yue Dah are now practically in the control of the Japanese creditors, and the Pao Cheng likewise is under Japanese supervision. The Chinese are lucky to have retained their hold on the Heng Yuan and the Pei Yang, but neither mill is doing good business.

The Hwa Hsin Mill, with an authorised capital of $2,700,000, is the only one of the Tientsin mills that has been able to combat and win over the adverse forces impairing the cotton industry in Tientsin, thanks to its efficient management and the financial assistance rendered by its three sister mills at Tsingtao, Weihaiwei and Tangshan and the industrial bank established by its promoters. This mill, established in 1918, occupies a site of over 200 mow, on which stand 14 buildings. Its internal organisation is similar to that of a typical Chinese mill with two departments, the administrative and the engineering. It is engaged in spinning only, has 27,000 spindles and employs 1,800 hands, 20 per cent of whom are females. Wages average $0.40 a worker a day, without board or lodging, but rooms at the rent of $1 a room per month are obtainable at the lodging houses built by the mills. A school is maintained for the children of the workers, which has at present an enrollment of 140 pupils. The working hours per day are 8 and the daily output totals 70 bales of yarn of 10, 16 and 32-counts, weighing from 410 to 430 lbs. a bale.

The Yu Yuan Mill was founded in 1917, but operation was not started till two years later (in 1919). The mill was a success during the first three years of operation and its spindlage of 25,000 was quickly increased by 25,000 in 1920 and by 21,840 more in 1921, besides the installation of 500 looms.[36] According to the Chinese Millowners' Association, the mill today has a total of 71,360 yarn spindles,

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[34] *Chinese Economic Journal,* Vol. III, No. 4, p. 827.

[35] As time does not allow, we are unable to avail ourselves of the results of Dr. Franklin Ho's investigation in that city.

[36] *Industries of China,* p. 116.

976 thread spindles and 1,000 looms, producing approximately 55,800 bales of yarn and 724,100 pieces of cloth yearly. The machines in use all came from America and were installed by Andersen, Meyer & Co. There are a billiard room, a library, an auditorium, and a study room for the benefit and amusement of the workers. The Yu Yuan is capitalised at $7,200,000 and is the largest of all the Tientsin mills, but unfortunately it has been seriously affected by the unsettled conditions and is now burdened with loan obligations.

Tientsin is the principal collecting and distributing center of all the raw cotton produced in North China, especially Hopei (Chihli) province, including also a part of Shensi and Honan provinces. Every year large consignments of cotton from the northern producing centers are rushed to Tientsin to be sold to the local mills and exported to foreign countries. There are no less than five chief varieties of cotton bought and sold on the Tientsin market.

TUNG–TSUNG–HAI

There are two mills in Nantung, one in Tsungming and one in Haimen, all operated by the Dah Sun Cotton Spinning and Weaving Co., which together with the Ta Tung Mill, also in Tsungming, form the five modern cotton mills in the Tung-Tsung-Hai district. These five mills have a total capital of Tls. 6,916,390 and $960,000, and a total of 171,444 yarn spindles, 6,120 thread spindles and 1,342 looms. About 44 per cent of the spindles and 54 per cent of the looms are owned by the Dah Sun No. 1 Mill, which was established as early as 1899 in Nantung after four years tedious planning. The No. 2 Mill was formed in 1907 in Tsungming. As both of these mills realised some big profits during the Great War period, plans were formulated to open Mill No. 3 in Haimen, Mill No. 4 in Nantung, Mill No. 5 in Jukao, Mill No. 6 in Tung Tai, Mill No. 7 in Yencheng, Mill No. 8 again in Nantung and Mill No. 9 in Woosung, but before these plans could mature, the war was over and, affected by the high cost of raw cotton and the low prices for yarn as well as by the stringent money market then prevailing, the founders were compelled to give up these plans of expansion.[37] Mill No. 3, however, was established in 1921 in Haimen and Mill No. 8 in 1924 in Nantung, according to schedule; the latter mill is now known as the Dah Sun No. 1B Mill. Altogether there are four Dah Sun mills operating. The Dah Sun No. 1 Mill was originally a semi-government organisation, capitalised at Tls. 500,000 from the government and Tls. 630,000 from merchants; its capital now stands at Tls. 2,500,000. The Tung-Tsung-Hai district is also a very important cotton-producing zone in Kiangsu.

TSINGTAO

Tsingtao, industrially, is almost entirely under Japanese influence. There are in all nine cotton mills operating in this port, and eight of these are under Japanese ownership while the Chinese have one. The three Naigai Wata Kaisha mills are the oldest established. Table IX gives a list of these mills in order of their year of establishment.

[37] *Ibid.*, p. 115.

TABLE IX*

Name of Mill	Year Established	No. of Workers	No. of Yarn Spindles	No. of Thread Spindles	No. of Looms
Naigai Wata Kaisha Mills Nos. 6, 10, 11	1918	3,180	63,200	...	...
Hwa Hsin (Chinese)	1920	3,000	32,000	7,500	...
Dah Kang	1921	3,460	58,000	...	726
Fuji	1922	1,375	31,360	...	...
Chung Yuan	1923	3,400	46,592	...	1,010
Lung Hsing	1923	1,008	26,360	...	...
Pao Lai	1924	1,100	31,768	...	...
Total	...	16,523	289,280	7,500	1,736

* *Eighth Report of the Chinese Millowners' Association.*

The Hwa Hsin, the one Chinese owned mill in Tsingtao, is the only mill in Tsingtao that is engaged in producing cotton thread besides yarn, the rate of production being about 32,000 bales of yarn and 7,500 bales of thread per year. Only two of the Japanese mills maintain weaving departments, the Chung Yuan and the Dah Kang, with a combined production of 1,356,000 pieces of cloth a year. The eight Japanese mills have a yearly total output of yarn of approximately 188,860 bales. Several of these mills are branch organizations of big spinning concerns in Shanghai and are also known by the names of their head companies: for instance, the Lung Hsing, the Pao Lai, and the Dah Kang are preferably called by some the Nisshin, the Chang Chi (Nagasaki) and the Dai Nippon respectively. Labor conditions are about the same as elsewhere. Male laborers in the Chang Chi Mill receive an average daily pay of $0.46 each and female workers $0.31 each; the number of working hours a day is 11 and the working period during a year covers 213 days:[38] Labor unrest is in evidence, often culminating in strikes. Only recently a misunderstanding arose in the Fuji Mill which nearly caused a strike. A workman requested the removal of a pillar adjacent to the machine on which he worked, but his request was refused, upon which the workman abruptly walked out of the work-shop. The other workers wrongly interpreted his withdrawal for dismissal and as a result some hundred and fifty workers forced their way into the general business office to demand his re-instatement. Operation in the mill was suspended several hours before the misunderstanding was cleared up.[39]

LABOR STRIKES

The labor situation in China at present shows no improvement and the knotty problem of labor versus capital is still awaiting disentanglement as ever. Although no extensive and exhaustive research work has so far been conducted regarding China's labor questions, Dr. Ta Chen's "Analysis of Strikes in China, from 1918 to 1926" furnishes us with some carefully studied and well prepared data on strikes, the most important weapon resorted to by the workers in the capital-labor war in any country. According to Dr. Chen, the labor movement in China, as indicated by the frequency of strikes, is spreading along the sea coast, near railroads and waterways, and in the industrial and commercial districts. In the nine years from 1918 to 1926, there were altogether 1,232 strikes in China including 135 strikes arising directly from the May 30th incident in Shanghai in 1925, while 400 or 44.44 per cent of the total took place in the textile trades.

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[38] *Chinese Textile Industry and Cotton Products,* p. 299.

[39] *Chinese Economic Bulletin,* Vol. XIV, No. 26, p. 327.

As far as the cotton mills are concerned, those in Shanghai seem to have borne the brunt of attack. In 1926, 31 Shanghai mills were affected by strikes and in 1927 the number was increased to 37.[40] The Naigai Wata Kaisha No. 5 Mill was affected by 6 strikes, the largest number of strikes in a single factory and the Naigai Wata Kaisha, Ltd., went through the largest number of strikes in a single company operating several mills. In the month of August, 1927, there were 7 big strikes in Shanghai five of these occurred in cotton mills and four of these five took place in Naigai Wata Kaisha mills.[41]

The principal cause of labor strikes may be summarised as (1) economic pressure, (2) alleged maltreatment of workers, and (3) popular or patriotic movements. For example, the Japanese-cotton mills' strike in 1920 and the cloth factories' strike in Hangchow were due to economic pressure. The former was carried out by some 4,000 Chinese employees of three Japanese cotton mills in the Yangtszepoo district to enforce their demand for an increase of $1 per month because of the high cost of rice due to shortage of production in Kiangsu and the lower Yangtsze region. Work was not resumed for some time till the employers agreed to sell to each mill hand 30 per cent of a picul of rice each month at the fixed price of $8 per picul until conditions became normal again. The Hangchow strike took place when the employers of the cloth factories of that district proposed to reduce wages from 90 to 70 cents a day because of trade depression, against which reduction the workers protested vigorously. The strike was not called off until the employers had agreed to reduce the wages to 80 instead of 70 cents a day and to raise them again when conditions became better.

Alleged maltreatment (or desire for better treatment in some cases) has been the cause of many a strike, as was the case with the Japanese cotton mills' strike in Tsingtao and the strike in the Japan-China Manufacturing Co. in 1925. The former strike was brought about in the following manner: the employees of the Japanese cotton mills in Tsingtao that year presented to the mill authorities for consideration a set of demands for better treatment, but these demands were not countenanced. The employees, however, brought some more demands to the attention of their employers, and when these demands were again not complied with, the workers declared a strike. After four days, just when the employers were willing to meet the workers' demands half-way, the employees of two other mills joined the strike, increasing the number to 10,000. As the strike gradually got beyond the control of even the labor leaders and the situation became more and more serious, the Shangtung provincial authorities intervened and suppressed the activities of the strike committee. Negotiations were conducted between the Chinese Chamber of Commerce and the Japanese Consulate with the result that some of the demands were granted with modifications, thus ending this long protracted strike of over 20 days.

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[40] *Chinese Economic Journal,* Vol. II, No. 4, p. 335.

[41] *Far Eastern Review,* Vol. XXIV, No. 5, p. 232.

The decision on the part of the employers to change the system of wage payment from the time basis to the piece (or hank) basis, coupled with the practice of flogging by which the workers often suffer at the hands of the foremen, caused the strike in the Japan-China Cotton Manufacturing Co. Demands that the time system of wage payment be adhered to and that the offending foremen be dismissed were presented. After a week the Chinese police authorities mediated, and a decision was arrived at that the time system be retained, with the stipulation that in case of a worker's output exceeding the set requirement, additional pay based on the number of hanks produced be given to the worker. This ended the strike.

The so-called "May 30, 1925, incident" in Shanghai, involving many other strikes, was associated with popular movements. We will see that this incident, though having far-reaching effects, had its start in the cotton mills. As usual, the immediate cause was socio-economic. Its remote cause, however, had to do with racial antipathy, national consciousness, etc. As a matter of fact, this strike started with the workers of the Naigai Wata Mills, who, finding their earnings insufficient to meet the increasing cost of living, and considering the way of treatment accorded by the mills none too generous, organized on May 15 (1925) a strike for wage increase. They were soon joined by the workers in five other mills, and the management of a seventh mill, in anticipation of trouble, closed down the plant. Dispute arose and the management opened fire, wounding more than 10 workers, one of whom was fatally wounded and soon afterwards died. Indignant at this incident, various Chinese labor organizations, student associations, and educational and commercial bodies held popular demonstrations and parades. On May 30, while such a demonstration was in progress, a few of the demonstrators were arrested by the foreign police, and to demand their release a large number of the paraders approached the municipal police station. The police fired upon the unarmed crowd, with the result that 6 persons were killed and 20 wounded. From this time on to the end of 1925, a series of no less than 135 strikes in protest against this shooting affair took place, affecting, geographically, Shanghai, Peking (Peiping), Hankow, Tsinan, Tsingtao, Kaifeng, Chiaotso, Nanking, Fengtien, Tientsin, Chekiang, Suikowsan, Kongmoon, Swatow, and Canton-Hongkong. Thirty-two of these so-called sympathy strikes related to the textile industry.

The last quarter of 1926 was marked by 36 significant strikes in the Wu-Han district of which four cases concerned the textile trade, but detailed information about these strikes is not available. In an endeavour to relieve the strained relations between capital and labor, the Hupeh Provincial Government, as a result of the petition of several responsible organizations, created, on December 6, 1926, after much deliberation, an Arbitration Board. The members of the Board were selected from among the Kuomingtang Government, the General Labor Union and the Chamber of Commerce, and with them was vested the power to arbitrate all disputes between capital and labor in the Wu-Han district.

The principles governing the Factory Law, drafted by the Ministry of Industry, Commerce and Labour, were passed by the Central Political Council at its 177th meeting on February 27 this year.[42] The Law limits the minimum age of both male and female labourers to 14 years and the daily practical working hours to eight, although labourers of mature age may work 10 hours a day. The Law also specifies that a bonus in the form of extra pay or otherwise should as a measure of encouragement be given to those laborers who have performed satisfactory work throughout the year. Those factories which adopt a profit sharing plan should, after setting aside a part of the profits at each settlement of accounts for payments of interest and reserve funds, divide the remainder among the laborers and the staff of the management on the basis of the former securing 45 per cent of the profit and the latter 10 per cent. The other 45 per cent should go to the stockholders. Women laborers during a certain reasonable period of pregnancy should not be permitted to work but should be paid by the factories while absent for this cause. Laborers after working continuously daily for a certain number of hours should have a regular period of rest before proceeding to work again, and should also have 18 hours of continuous and unbroken rest every week, and a special vacation after half a year or not more than an entire year of continuous work. The enforcement of this Law, it is hoped, will help solve the numerous labor problems to some extent at least.

WEAVING HOUSES

As has been seen from Table V, 51 of the 120 mills in China are engaged in weaving and one of these 51, namely, the Naigai Wata Mill No. 7, is exclusively engaged in weaving cloth. They are equipped with 29,582 power looms, of which 3,185 are newly installed and approximately 24,000 are in operation, turning out a yearly output of about 14,700,000 pieces of cloth. The distribution of these mills according to ownership is as given in Table X.

TABLE X

Ownership and Place	No. of Mills	Total	No. of Looms	Total
Chinese:				
Kiangsu	20		10,820	
Hupeh	5		2,878	
Hopei	4		1,860	
Other provinces	5	34	1,225	16,783
Japanese:				
Shanghai	10		8,356	
Tsingtao	2		1,736	
Hankow	1		300	
Liaoning	1	14	504	10,896
British:				
Shanghai	3	3	1,900	1,900
Total		51		29,579

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[42] *Chinese Economic Bulletin,* Vol. XIV, No. 11, p. 131.

Aside from the modern weaving mills, there are numerous small cotton cloth factories and weaving houses scattered all over China, concerning which, however, no reliable statistics are available. In the absence of such statistics, we can best pick out at random a few of the comparatively better known weaving centers for discussion.

Kaoyang in the Hopei province is a famous cloth producing center. Cloth weaving in Kaoyang is carried on chiefly as a cottage industry by the farm folk during their free time. In fact, it was in this place that the practice of renting out machines to laborers working in their own homes was originated.[43] In 1902 some local gentry imported a few looms from Tientsin to weave cloth in imitation of imported varieties. Like factories were soon established by others. The largest was the Ho Kee which was established in 1910 with a capital of $20,000. As its business grew, it bought more and more looms, but it kept only 8 to itself, renting the rest out to home workers. In 1913, it was found that this factory had 200 looms rented out, producing about 100 pieces of cloth every day, and in 1916 it was estimated that the total worth of cloth produced in Kaoyang was in the neighborhood of $2,000,000 a year. About 90 per cent of the total population of 130,000 in the 144 villages of Kaoyang are said to be engaged in the weaving industry. The cotton yarn consumed is imported from Tientsin and the manufactured cloth is exported to Shangtung, Peiping, Kalgan, Shansi, Suiyuan, Honan, Shensi, Hupeh and Mongolia.

Sinminhsien (also called Sinminfu or Sinmintun) of the Liaoning (Fengtien) province is another cotton cloth weaving center worthy of note. The industry suffered a setback in 1915 in the form of floods in Manchuria but, fortunately, has revived considerably owing to the high prices of imported cottons. The depreciation of the Fengpiao has also brought disaster to some of the poorly financed mills and is responsible for the increased cost of production. According to an investigation by the Japanese Consul at Sinminfu two years ago, there existed 359 cotton weaving mills, equipped with a total of 900 weaving machines and employing over 2,000 hands. Two of these mills were equipped with 12 machines each, one with 10, one with 9, three with 8 each, fifty with 5-7 each, and the rest with less than 4 each. A mill with 8 machines usually employs 19 workmen and that with 12 employs 28. The bulk of the cotton yarn used by the mills is produced by the Liaoning Cotton Spinning and Weaving Co. at Shenyang (Mukden) and a part is imported from Japan and Shanghai. The mills produce a dozen or more varieties of cloth, the bulk of which is sold wholesale to local cloth dealers or exporters. The workers are of three classes, the weavers, the yarn spinners and the apprentices. The weavers are paid at piece rate, the rate being $0.50, $1.50, $1.60, $2.80, $3.00, $3.30 or $4.00 "Small money" Fengpiao, per piece according to the kind of cloth woven. A skilled weaver can turn out about a piece a day of the kind at $2.80–$4.00 per piece, 2 pieces a day of the kind at $1.50–$1.60 per piece, or 6 pieces a day of the kind at the lowest rate of $0.50 a piece, earning on the average $3.00–$4.00, Fengpiao, a day. The yarn spinners are paid by the month at $40.00–$60.00, Fengpiao, a month, and apprentices are given a yearly allowance of $120.00–$180.00, Fengpiao. In all cases, free board is provided by the mills. The working hours per days are 13, from 5 a.m. to 7 p.m. with 1 hour's recess for the mid-day meal.[44]

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[43] Lieu, *op. cit.*, p. 10.

Cloth weaving occupies a most important place in the industrial life of the Wuchang people, and the industry consists of four categories: (1) the native cloth weavers, (2) the Hwang Kang cloth factories, (3) modern weaving mills, and (4) the ramie cloth factory. Almost every one of the 600,000–700,000 households of the Wuchang villages is possessed of one or two looms of the old hand-operated type. The yarn used is of 10 to 16-counts, procured from the local spinning mills. Inasmuch as the work is pursued by the rural folk during their spare hours, there is no definite rate of production, but usually it requires five days' weaving to finish two pieces, 36 feet (Chinese) long and 1.3 feet wide.

The Hwang Kang factories derive their name from the facts that the cloths they produce resemble the products of Hwangkanghsien, a district in Hupeh noted for its cloth, and that most of the owners of these factories are, coincidently, natives of Hwangkanghsien. The majority of these factories are not well-capitalized, and consequently when the yarn producers recently demanded cash to accompany orders, many were forced to suspend operations. Moreover, the competition they meet on the Hankow market is too keen for them to combat. Only a few are able to maintain their existence, and with no exception, production in all is curtailed. The Hwa Hsing Chang is the largest of all. It used to have over 100 looms, employing 300–400 workers, but now only 20 looms are working. The other two factories are even worse off, having only 7–10 looms each.

There has recently been established in Wuchang a modern weaving mill, independent of spinning activities, known as the Ta Chang Clothing Weaving Factory. Its capital is not ascertainable, but the plant including the building and its equipment is reported to be worth about $50,000. It has 50 looms, each capable of producing one piece of cloth of 36 inches wide and 42 yards long every 12 hours. The mill employs some 30 hands.[45]

HOSIERY KNITTING

Of the tributary industries that have been developed from the cotton spinning and weaving industry, hosiery knitting is the most interesting. Modern hosiery was unknown to China much before the reign of Emper Kwang Hsu (1875–1908). It was during his reign that foreign knitted stockings first found their way from England to Hongkong and from Hongkong to Canton, Shanghai, Hankow and other treaty ports.[46]

As they soon became popular, some far-sighted Hongkong merchants started the well-known Li Man Hing Kook Weaving Co., Ltd., for the production of hosiery.

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[44] *Chinese Economic Bulletin,* Vol. XI, No. 345, p. 181, issued on October 1, 1927. At that time the "small money" Fengpiao was worth about 10 cents on the dollar, according to the *Bulletin.* However, there seems to be some mistake in the exchange rate quoted in the editorial note, as the wages would be exceedingly low in that case.

[45] Special investigation.

[46] "Hosiery Works in Shanghai," *Chinese Economic Journal,* Vol. IV, No. 1.

This marked the origin of this industry in China. In Shanghai the first modern hosiery mill was established in 1914 under the name of the Lee Wah Knitting Mill, followed in 1916 by the Ching Po Knitting Mill, each equipped with about 2 dozen machines of American make and both financed by Hongkong merchants. In the history of the Shanghai hosiery knitting industry, 1917 should be a red-letter year, as it was during this year that three of the largest hosiery companies were established, that is, the Pioneer Knitting Mill, the China Cotton and Silk Works (now suspended) and the Foot Ease Hosiery Manufacturing Co. The following year saw the establishment of another six mills, the best known of which is the Kong Tsou Knitting Mill. No new works, however, were founded from 1919 to 1921, but during the four years from 1921–1925, a considerable number sprang into existence. Two notable features that characterize this period are that finer gauge machinery with 188,200,200 needles were installed instead of 3½ inches, 176 needles, and that the use of mercerized yarn became general. The period from 1921 to 1924 witnessed the change from hand mills to automatic machine mills as well as a marked progress in silk hosiery knitting. During recent years important progress has been made in the change from mock to real rib half hose and from coarse to fine gauges and in substitution of 3-quarter length stockings for rib top socks in general. The number of hosiery knitting factories in China is estimated at 200, including the hand-machine and automatic-power-machine mills, of which Shanghai lays claim to over 50 percent. In importance Shanghai ranks first, Canton second, and Tientsin, Hankow and other commercial centers next. In Shanghai there are about 70 factories capitalized at 200,000 taels each, and 40 capitalized from several hundred to several thousand taels each. The Pioneer Knitting Mill and the Foot Ease Hosiery Manufacturing Co. are the largest of all.

The number of laborers was largest in 1918–1919 and amounted to 14,000–15,000 when hand machines were in general use, but after the introduction of the electric machines the number was reduced to over 7,000, of which female laborers constitute 60 per cent, child laborers 15 per cent and male laborers 25 per cent. They are paid either daily, monthly, or on the piece work basis. Generally laborers working human power machines are paid at piece rates, while those running electric machines are paid by the day. Wages are from $0.25 to $0.35 for every dozen pairs of short cotton hose and from $0.40 to $0.50 for every dozen pairs of long hose. On the average, a worker can knit 2 dozen pairs of short cotton hose and 1½ dozen pairs of long hose. Clerks and foremen generally receive from $20 to $40 a month, chemists from $30 to $70 a month, and engineers from $50 to over $100 or even $200 according to individual ability.

The working time is 10 hours per day, from 7 to 12 A.M. and from 1 to 6 P.M., with one hour's recess at noon. Night shift is maintained only when the demand exceeds the supply. Workers on the night shift receive the same wages as the day workers, but they are given, in addition, free board. Holidays are given on the 1st and 15th of every lunar month. Work continues on Sundays. On the average, the laborers work 28 days a month and approximately 11 months a year.

About $12,000,000 worth of stockings is produced every year, mostly for domestic consumption, although a small percentage is exported to the Philippine

Islands, Java, etc. The cotton yarn used comes chiefly from Japan and America. Cotton yarns of 32-counts of Tls. 280–290 per case of 400 lbs, 42-counts of about Tls. 360–380 a case, 60-counts of Tls. 380–500 a case, and 120-counts of Tls. 1,300 a case are used in manufacturing hosiery.

There are seven factories operating in Shanghai that are exclusively engaged in making Chinese old-fashioned cloth stockings for wear by the conservative and frugal people of Shansi.

Human power machines for hosiery manufacturing are much in use at Pinghu, Chekiang. The industry was first introduced some 20 years ago (in about 1910) when a merchant named Kao bought some hosiery knitting machines from Shanghai and started working. Due to the low prices of his products, his business flourished until in 1926 his factory had 1,000 knitting machines, practically one-tenth of the total of such machines in Pinghu. When women could no longer find accommodation in the factory, owing to lack of adequate space, they were given machines to work on at their own homes, which system now still prevails. Yarn is supplied by the factory and the wages are from 22 to 26 cents per dozen pairs, but a deposit of $8 must be made with the factory as a bond for the machine and a rent of $2 per machine must be paid to the factory monthly. The average worker can knit a dozen or more pairs a day and thus earns about $5 a month after deducting the $2 rent. The cost of the machine was 20 years ago $100 apiece, but is now only $20. This industry also flourishes in Kashing, Kashan, Shihmen and Kiashi of Chekiang province as well as in Foochow, Fukien, where similar conditions exist.

RAW COTTON

The cotton plant was known to Chinese historians as early as the 6th century A.D., but it was not cultivated in China till the 12th century.[47] Previous to that time, China obtained cotton from India and Chinese Turkestan; from this latter place the cultivation of cotton gradually spread to China by way of Kansu and Shansi.[48]

China has now the gratification of being the third largest cotton producing country in the world with the United States leading, followed by India. In China, Kiangsu is by far the greatest cotton province, the producing centers lying north and south of the Yangtsze Valley. The three valleys of the Yangtsze, Han and Yun Rivers in Hupeh province, and the central and southwestern parts of the province of Hopei (Chihli), are also important cotton producing zones. Consequently, Shanghai, Hankow and Tientsin are the three greatest cotton collecting and distributing centers of China. Statistics showing the total area of China's cotton fields and her annual production of raw cotton for the past 10 years from 1918 to 1928 are given by provinces in Tables XI and XII.[49]

The decrease in production in recent years has been due principally to floods, droughts, insect ravages, etc. The production for 1928 showed a decrease of 110,335

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[47] *China's Industries and Finance*, p. 9.

[48] *Far Eastern Review*, Vol. XXIV, No. 5, p. 226.

[49] Chinese Millowners' Association.

TABLE XI

Area under Cotton Cultivation

(In Mow)

Province	1919	1920	1921	1922	1923
Hopei	6,397,000	4,391,032	4,709,963	4,351,798	3,630,654
Shantung	3,218,000	428,330	2,333,190	3,534,707	3,677,277
Shansi	486,320	615,240	695,025	239,288	875,921
Honan	1,417,654	....	856,000	3,047,144	2,693,068
Shensi	....	1,283,650	2,405,640	1,867,200	1,642,288
Kiangsu	19,278,307	12,474,700	11,812,600	9,605,978	8,164,751
Chekiang	....	1,270,100	1,199,000	1,096,000	1,181,000
Anhwei	762,600	1,195,695	1,099,000	1,147,950	1,151,416
Kiangsi	....	398,850	256,650	361,630	689,578
Hupeh	1,478,000	6,269,700	2,849,100	7,612,900	5,848,100
Total	33,037,881	28,327,297	28,216,168	33,464,595	29,554,053

Province	1924	1925	1926	1927	1928
Hopei	3,067,903	2,895,000	2,433,000	2,490,800	2,103,140
Shantung	2,984,385	3,099,191	3,284,550	3,172,630	3,317,210
Shansi	613,145	755,000	1,407,400	1,298,559	949,355
Honan	2,677,000	2,985,700	2,881,200	2,816,950	1,566,600
Shensi	1,642,288	1,316,000	1,447,030	1,442,540	1,217,650
Kiangsu	7,760,893	7,815,016	8,129,000	7,328,619	8,824,000
Chekiang	1,867,200	1,772,920	1,731,000	1,734,200	1,730,800
Anhwei	1,036,275	841,200	433,881	436,730	469,481
Kiangsi	689,578	714,000	541,666	597,248	576,880
Hupeh	6,432,910	5,927,000	5,061,000	6,292,000	7,337,300
Total	28,771,577	28,121,027	27,349,727	27,610,276	28,092,416

tan as compared with the previous year although there were 482,140 more *mow* of land for cotton plantation; the fact was that some of the cotton seeds sown in North China did not grow. China, producing 6,000,000–7,000,000 *tan* of cotton a year, is not even able to supply the needs of her own cotton mills for spinning purposes, as there are about 3,700,000 spindles and to spin yarn about 350 catties of cotton is usually required for each spindle.

Of the Kiangsu varieties, Changyinsha cotton is the best, and Nantungchow cotton second best. The former is lustrously white, soft and long stapled. Shensi cotton is soft in quality and its long and fine fibre makes possible the spinning of thread as long as 2 yards. En Hsien of Shantung also produces long and soft stapled cotton. Tungchow is famous for its production of the so-called Hopei cotton, the fibre of which measures about an inch long and is suitable for spinning 20-yard long thread. The Hupeh cotton is generally regarded as superior to that of the Yangtsze valley, but most of the common varieties are short of staple and for that reason cannot be spun into yarn finer than 20-counts. To spin yarn of 32 counts American cotton is used when mixed with a small part of Shensi or Kiangyin cotton, and to spin 42-count yarn the cotton must be almost entirely of the American variety, mixed to a small extent with Egyptian cotton. To make up her own shortage of supply in quantity as well as in variety, China therefore has to import cotton from abroad.

TABLE XII

RAW COTTON PRODUCTION

(In Tan of 100 Catties or 133⅓ lbs.)

Province	1919	1920	1921	1922	1923
Hopei	2,683,753	1,022,219	1,819,314	1,295,119	944,973
Shantung	894,558	126,070	295,077	1,005,230	1,387,666
Shansi	201,851	64,996	248,737	164,114	230,681
Honan	427,633	....	219,400	555,036	667,512
Shensi	355,000	293,967	429,967	476,600	461,954
Kiangsu	2,163,160	3,022,210	1,283,660	2,446,650	1,489,084
Chekiang	264,900	251,106	308,760	98,300	329,960
Anhwei	125,535	291,975	163,830	154,833	189,515
Kiangsi	105,000	97,860	45,325	84,623	171,537
Hupeh	1,207,000	1,580,000	615,150	2,029,850	1,271,760
Total	9,028,390	6,750,403	5,429,220	8,310,355	7,144,642

Province	1924	1925	1926	1927	1928
Hopei	798,575	958,290	814,300	770,550	653,120
Shantung	934,224	995,603	518,270	709,755	620,413
Shansi	161,502	161,502	380,583	501,872	288,980
Honan	572,141	544,634	557,427	590,220	214,282
Shensi	467,888	772,015	370,919	358,106	84,163
Kiangsu	2,768,781	2,242,475	1,920,849	1,637,590	2,542,345
Chekiang	675,567	506,100	326,527	529,180	346,445
Anhwei	153,472	176,492	126,458	129,591	146,015
Kiangsi	154,406	169,846	116,190	144,451	124,322
Hupeh	1,119,326	1,007,394	1,112,053	1,350,793	1,591,688
Total	7,808,882	7,534,351	6,243,585	6,722,108	6,611,773

The principal suppliers of raw cotton to China are India and the United States. The total amount of raw cotton imported during the last three years was 2,745,017 piculs for 1926, 2,415,482 piculs for 1927 and 1,916,140 piculs for 1928. Cotton products as well as cotton are imported from abroad, the value being shown in Table XIII.[50]

TABLE XIII

Classification of Goods	1926 Hk. Tls.	1927 Hk. Tls.	1928 Hk. Tls.
Raw cotton	93,750,540	79,812,653	67,981,417
Cotton waste	47,420	108,093	126,592
Cotton wadding	392,994	443,704	402,269
Cotton yarn	28,249,920	17,734,218	16,670,616
Cotton thread	2,257,202	1,997,020	2,484,657
Cotton piece goods	167,880,339	128,510,116	163,332,509
Manufactures of cotton	5,816,222	4,565,408	5,297,934
Cotton and cotton goods not otherwise recorded	1,113,112	1,229,734	1,718,001
Total net import into China	299,507,749	234,400,946	258,013,995

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[50] *Customs Report on China's Foreign Trade in 1928.*

CONCLUSION

The foregoing resume of the cotton spinning and weaving industry in China brings to light several facts that call for attention, which we may summarize as follows: The history of the industry covers only some forty years, during which many foreign nationalities, notably American, British, German, and Japanese, joined the fight for a foothold in this industry, but eventually only the Japanese and the British stayed on. The Japanese now have 8 more mills in Shanghai than the Chinese, but the latter have 29 more than the former when taking in the whole of China. On the whole, the position of the Japanese, financially, is stronger than the Chinese, one regrettable fact in this connection being that several Chinese mills, in order to tide over the hard times that have been prevalent due to business depression, have contracted loans, mostly from Japanese sources, and some are actually on the verge of bankruptcy and risk falling into the hands of their creditors. Within the last four years no new mills have been established and several mills have changed hands for re-organization, both indicating a frustration in the growth of the industry.

Shanghai is of pivotal importance in the cotton industry of China, having 49.2 per cent of the mills. Shanghai has forged ahead in this industry, because being the greatest port of China, it has first access to imported cotton and cotton yarn and may, on account of transportation facilities, dispose of its mill products without much difficulty; because the supply of coal and coke in Shanghai is abundant and the supply of electricity easily obtainable, which factors are directly instrumental in reducing the cost of production; because Shanghai is favored with numerous banking facilities by which its millowners may benefit themselves in case of need; and because the hands as well as the executives working in a Shanghai mill are very often more skilful than those in other places by dint of their long experience.

As has been stated previously, many a Chinese mill is burdened with loan obligations; indeed, all the Chinese mills are facing a crucial moment at the present stage. Briefly speaking, this sad state of affairs exists because of (1) lack of co-operation among the Chinese mills themselves; (2) insufficient home production of raw cotton; (3) want of adequate education in the knowledge of cotton plantation on the part of cotton growers in China as to how to raise better crops or to adapt foreign varieties to Chinese soil, etc., (4) limited working capital of the mills, as well as the unaccommodating attitude of banking facilities to extend loans to Chinese millowners, (5) maintenance of workers' wages to conform with the increasing cost of living no matter whether there is a slump in prices or the market is stagnant, (6) a low rate of production partly due to the machinery being old but more frequently to unskilful handling of the machinery, and (7) an onerous and non-uniform system of taxation.

To remedy the situation and so to retain the prestige of the Chinese mills, which is somewhat in jeopardy, China must do the following: First, China must extend her cotton fields so as to increase her output of raw cotton. As has been just pointed out, a study in methods of cotton cultivation, augmented with experiments, should be undertaken by experienced men in the cotton industry under Government supervision with a view to raising better crops. With concrete results, the farmers will gladly adopt any improved methods of cultivation. Should China be able to supply her own needs for cotton and succeed in producing the soft, long-stapled varieties as well as the short stiff kinds, it would mean a much lower cost of production for the mills.

Secondly, to relieve the economic pressure bearing upon mills with small circulating capital, either a state or a private bank should be devoted to the promotion of this industry, from which they could secure financial assistance in the form of loans and overdrafts at very low interest, and all onerous taxes to which the products of Chinese mills have hitherto been subjected should be removed.

Thirdly, a fundamental re-organization of the mill staff is necessary. The managership and other responsible positions should be filled by technical experts who have been trained and have had experience in cotton spinning and weaving. It would be ideal to instruct even the ordinary mill hands in the fundamental principles of spinning and weaving so that they could handle the machines intelligently and thus increase the rate of production.

Fourthly and lastly, cotton testing houses should be established at all the important cotton selling and buying centers chiefly to detect such underhand practices as adulteration.

China has every hope of continuing to forge ahead in the cotton spinning and weaving industry. Its present annual output of cotton may easily, with necessary improvements in the method of cultivation and extension of cotton fields, be three times as much in the next twenty or thirty years.[51] China has cheap labor and these laborers are generally diligent and not afraid of hard work. Cheap labor is an advantage the industrialists in China exclusively enjoy. Cloth is still the staple material of which the Chinese make their clothes. China's present output of cloth by the modern weaving mills is by far insufficient to cope with the demand. Besides depending on the numerous weaving houses for the supply of cotton cloths, China imports from abroad an average of Hk. Tls. 260,000,000 worth of foreign cloths a year entirely for her own consumption. The cotton industry in China, therefore, has much chance of further development, and taken all in all, its outlook is very bright indeed.

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[51] *Chinese Textile Industry and Cotton Products*, p. 304.

III

AN INDEX OF THE PHYSICAL VOLUME OF FOREIGN TRADE IN CHINA, 1868–1927

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INTRODUCTION

Recent economic development in China has emphasized the need of an index number of the physical volume of foreign trade. In the first place, the rapid rise of commodity prices since the European War has made it impossible to reason directly from imports and exports in terms of money to those in terms of goods. The money measure itself has been undergoing change; a dollar in 1928, for instance, is only equivalent to 96 cents in purchasing power in 1926 and to 62 cents in purchasing power in 1913. The course of foreign trade, therefore, has been much obscured behind the screen of rapidly changing money values. Furthermore, market fluctuations in the foreign exchange between the gold-currency and the silver-currency countries constitute another disturbing factor in the study of foreign trade in terms of value. The foreign exchange market in China, in terms of silver, fell immensely during the world war, due primarily to the abnormal depreciation of gold currencies and to the great demand of silver as subsidiary money in belligerent countries. The instability of the value of money at home and abroad has broken down the customary relationship between the monetary and the physical volume of trade, and has made first hand knowledge of the physical volume of trade more desirable than ever before.

Despite the scientific value which a reliable index number of the physical volume of foreign trade is certain to possess, there has been thus far very little endeavour to construct such an index number in China. Indeed the Ministry of Industry, Commerce and Labor has recently compiled a series of indices of the quantity and price of exports and imports in China for the period from 1912 to 1927. These indices are published in two separate volumes with 44 and 42 pages respectively. Out of these 86 pages for the two volumes, however, 84 pages are devoted to various tables of statistics, with but two pages given to explanation. Because of the unfortunate lack of a more detailed explanation as to the materials used and the methods employed, which depreciates considerably the scientific value of the whole work, the indices of the quantity and price of imports and exports of the Ministry of Industry, Commerce and Labor can not be viewed as a serious attempt to supply the need of an index number of the physical volume of foreign trade in China, even for the brief period for which they are constructed.

SCOPE AND METHODS OF THE INQUIRY

It is proposed in the present study to examine the course of the physical volume of foreign trade in China from 1868 to date by a series of indices of quantity of imports and exports. The special formula adopted for the construction of these quantity indices facilitates, at the same time, the construction of the price indices of imports and exports for the same period without involving further effort and complication. The prices used are "derived prices" obtained in each case by dividing the known quantity of each of the commodities into its total value. The period from 1868 to date is selected because of the greater uniformity of the statistics embodied in the Annual Returns of Trade since that date, as published by the Chinese Customs. Previous to 1868, returns of trade were reported by some ports in Mexican dollars and by others in taels. The currency question thus offers peculiar difficulties in the analysis of the statistics, rendering the comparison of the results an impossibility. In 1868, however, the first attempt was made to bring about uniformity in currencies employed. The Haikwan tael was then introduced and, since that time, it has become the standard currency at all ports for return purposes.

The construction of an index number of the physical volume of foreign trade encounters both the general difficulties common to the construction of all index numbers and the special difficulties arising from the absence of a common unit of measurement. The formation of a satisfactory index number of any kind is seldom an easy task. The lack of uniformity and continuity of data, the conflicting advantages in the various forms of aggregates and averages, the uncertainty regarding the proper weights to be used—these and many other difficulties complicate the work. But, in index numbers of prices, all commodities, whatever be their individual peculiarities, are expressed by means of a single common denominator—the monetary unit. In index numbers of physical volume, on the other hand, it is necessary to work with data in tons, in pieces, in quarts, in pounds, in bushels, in gallons, etc. Furthermore, the use of the Chinese Customs statistics for the compilation of an index number of the physical volume of foreign trade covering a period of more than half a century, involves additional difficulties. The quantity unit is, in some cases, not uniform throughout the period. In other cases, the quantity unit lacks significance. For instance, "Fruits, fresh and dried, not otherwise recorded", are reported in pounds, but that they are of the same quality or are measurable by the same quantity unit is highly improbable. Furthermore, the practice of the Customs has been to give the total value of a commodity imported or exported with or without giving its quantity. Those commodities that were reported in value only, have to be excluded from the study, or else their quantities have to be "derived" by dividing the reported value by their prices. The difficulty in obtaining the price data in China is insurmountable. These facts are fundamental in a study of the physical volume of foreign trade in China, as they have important bearings upon the methods to be adopted in the construction of the index numbers of the quantity of imports and exports.

Two types of indices are constructed in the present study, one of which will be of a familiar kind. It expresses quantities of export or import in percentages of a fixed base, and is referred to as the unadjusted index. The other is of an entirely different kind. It is obvious that the first type of index does not take into account the normal increase which exists practically in almost all economic data. The existence of such a growth element affects substantially the interpretation of any increase or decrease in the import or export of a given year. Any increase or decrease which is but "Normal" may be said to require no adjustment of business factors. On the other hand, any increase or decrease which is either larger or smaller than the normal brings new influences to bear on the economic situation. Under such circumstances the original data are to be analysed in terms of deviations from the computed trend. An index number which registers such variations promises to

TABLE I (A)

PERCENTAGES OF THE VALUE OF COMMODITIES DIRECTLY COVERED, 1868–1927

(Imports)

Year	Value of Commodities Directly Covered (Millions)	Total Value (Millions)	%
1868....	HkTs 70	HkTs 71	99
1869....	71	75	95
1870....	68	71	96
1871....	75	78	96
1872....	71	75	95
1873....	70	74	95
1874....	68	71	97
1875....	64	68	94
1876....	66	70	94
1877....	68	73	93
1878....	65	71	92
1879....	74	82	90
1880....	70	79	89
1881....	80	92	87
1882....	67	78	86
1883....	64	74	86
1884....	63	73	86
1885....	74	88	84
1886....	72	87	83
1887....	65	102	64
1888....	82	125	66
1889....	70	111	63
1890....	86	127	68
1891....	91	134	68
1892....	92	135	68
1893....	96	151	64
1894....	139	162	86
1895....	141	172	82
1896....	174	203	86
1897....	170	203	84
1898....	176	210	84
1899....	222	265	84
1900....	173	211	82
1901....	216	268	81
1902....	262	315	83
1903....	HkTs 278	HkTs 327	85
1904....	293	344	85
1905....	369	447	83
1906....	332	410	81
1907....	383	416	92
1908....	318	395	81
1909....	330	418	79
1910....	363	463	78
1911....	390	472	83
1912....	379	473	80
1913....	461	570	81
1914....	471	569	83
1915....	387	454	85
1916....	419	516	81
1917....	457	550	83
1918....	444	555	80
1919....	499	647	77
1920....	602	762	79
1921....	666	906	74
1922....	675	945	71
1923....	735	923	80
1924....	809	1,018	79
1925....	765	948	81
1926....	899	1,124	80
1927....	793	1,013	78

throw new light upon the fluctuations of the foreign trade in China, and is referred to in our study as the adjusted index number.

UNADJUSTED INDEX NUMBER

There are in general five principal problems in the construction of an unadjusted index number, namely: field, source of data, sample, formula and base. Since the present index relates to quantities and prices of imports and exports in China, and is based on data recorded by the Chinese Maritime Customs in its Annual Returns of Trade, only the problems of sampling, base, and formula need to be considered.

Sampling.—In the calculation of the index it is impossible to include directly

TABLE I (B)

Percentages of the Value of Commodities Directly Covered, 1868–1927

(Exports)

Year	Value of Commodities Directly Covered (Millions)	Total Value (Millions)	%
1868....	HkTs 68	HkTs 69	98
1869....	65	67	97
1870....	59	62	95
1871....	73	75	97
1872....	82	84	98
1873....	76	78	97
1874....	72	74	97
1875....	67	69	97
1876....	78	81	96
1877....	64	67	96
1878....	64	67	96
1879....	69	72	96
1880....	75	78	96
1881....	69	71	97
1882....	62	67	93
1883....	65	70	93
1884....	62	67	92
1885....	60	65	92
1886....	71	77	92
1887....	78	86	91
1888....	80	92	87
1889....	85	97	88
1890....	75	87	86
1891....	88	101	87
1892....	88	103	85
1893....	98	117	84
1894....	110	128	86
1895....	123	143	86
1896....	108	131	82
1897....	139	164	85
1898....	135	159	85
1899....	168	196	86
1900....	131	159	82
1901....	133	166	80
1902....	177	214	83
1903....	HkTs 174	HkTs 214	81
1904....	208	239	87
1905....	194	228	85
1906....	215	236	91
1907....	242	264	92
1908....	252	277	91
1909....	311	339	92
1910....	344	381	90
1911....	346	377	92
1912....	337	371	91
1913....	378	403	94
1914....	334	356	94
1915....	397	419	95
1916....	441	482	91
1917....	429	463	93
1918....	446	486	92
1919....	590	631	94
1920....	467	542	86
1921....	544	601	91
1922....	595	655	91
1923....	690	753	92
1924....	702	772	91
1925....	708	776	91
1926....	801	864	93
1927....	845	919	92

all articles imported and exported. For a large majority of these articles either no quantities are given, or the given quantities lack significance. However, most of the major articles are reported in quantity, and the articles entering into direct calculation represent something over two-thirds of the total value of trade. Tables I and II give the percentages of the value of commodities directly covered by the index numbers for imports and exports.

Base.—In view of the frequent change in the nature and number of commodities imported and exported every year, the chain base system has been adopted, because it possesses the merit of greater flexibility in changing the number of commodities included from year to year. Under the chain system, or step-to-step system, each year's index number is first calculated as a separate link relatively to the preceding year. After these separate year-to-year, or link index numbers are thus calculated, they are joined together by the process of linking or successive multiplication to form chain figures relating to 1913. Consequently, for the final series only the 1913 index stays at 100 per cent. This process of linking is added because it is much more convenient to have only one 100 per cent year in the final series than to use the year-to-year links in which each year is 100 per cent to the next.

Formula.—On account of the highly variable composition of foreign trade and the marked variation in the price movements of some of the major articles, differences in methods of weighting affect the results materially. Thus, in comparing the 1913 and 1919 indices it makes a great deal of difference in the index numbers whether the relative pre-war prices of the several commodities, or the relative post-war prices, are used for weighting. Even in the change from one year to that of the next there are cases where decidedly different results are reached by weighting on the basis of the first year or by weighting on the basis of the second year. For this reason it is deemed best to weight the changes from each year to the next by mean prices for the two years compared.

More precisely, the formula used is that characterized in Fisher's *The Making of Index Numbers* as the "ideal formula," which is as follows:

QUANTITY INDEXES:

$$\sqrt{\frac{\Sigma\,\text{Qu. 2nd Year at Pr. 1st Year}}{\Sigma\,\text{Qu. 1st Year at Pr. 1st Year}} \times \frac{\Sigma\,\text{Qu. 2nd Year at Pr. 2nd Year}}{\Sigma\,\text{Qu. 1st Year at Pr. 2nd Year}}}$$

PRICE INDEXES:

$$\sqrt{\frac{\Sigma\,\text{Qu. 2nd Year at Pr. 2nd Year}}{\Sigma\,\text{Qu. 2nd Year at Pr. 1st Year}} \times \frac{\Sigma\,\text{Qu. 1st Year at Pr. 2nd Year}}{\Sigma\,\text{Qu. 1st Year at Pr. 1st Year}}}$$

This formula is particularly convenient because the product of the price index by the quantity index represents exactly the index of the change in total value of the commodities covered, which value is a definitely known thing in the case of foreign trade statistics (see Table I in the appendix to this article).

Adjustment for articles not directly included in the calculation.—It is important that the indices for quantity and price when multiplied together should correspond with the change in the value of all imports or exports including those not directly entering into the index. It is therefore necessary to make some estimate as to quantity and price changes for articles not directly covered by the calculation. When the change in the actual value of the articles entering directly into the index is compared with the change in the actual value of the articles not so entering, there is of course a disparity. If the disparity is considerable, as is true in several cases, it is evident that the articles not directly covered by the index must have moved differently from the articles covered, either as regards quantity or price or both. Even if there is no appreciable disparity in the changes in total value, it may still be the case that both prices and quantities of the articles not directly covered have moved somewhat differently from those of the articles covered.

That the prices of articles not directly covered have moved in parallel with the prices of articles directly covered seems to be the more reasonable assumption than that the quantities of the articles not directly covered have moved in parallel with the quantities of the articles directly covered. However, it may happen that a few articles among those covered in the calculation have shown unusual price movements not paralleled or reflected in that of articles not covered in the calculation. It has seemed proper, therefore, in calculating the price movement of articles not directly covered, first to eliminate from among the articles directly covered the particular ones which in the given year depart widely from the price movement of the articles not directly covered. The price index thus calculated is applied to the uncovered articles. The procedure followed will be clear from the illustration based on the calculation of the indices of imports for 1927 relating to 1926, as shown in Table II.

It will be seen that the method used in substance is to calculate a price index and from it to calculate a quantity index. The special feature of the final indices are, (1) the use of mean weight, and (2) the estimation of the price movement of articles not reported in quantity on the basis of the price movement of other articles, after having excluded those articles with abnormal price movements.

The unadjusted indices of the quantities and prices of imports and exports are given in Table III in the appendix.

THE ADJUSTED INDEX

The adjusted index, unlike the unadjusted index, is designed to make due allowances for increases and decreases of trade which may be regarded as normal. The lines of trend in the present study are all mathematically determined. The mathematical determination of a line of trend involves the fundamental problem of the choice of a definite form of line. With a great many variables encountered in economic and business data, the assumption of a straight line trend is adequate. In the present study, however, the trends are not of a linear type, and straight lines fitted to the data do not give satisfactory results. Several more complicated curves were experimented on, and by the familiar method of root-mean-square deviation which usually furnishes a conclusive and valid test of the closeness of fit within the limits of data, we decide on a second degree parabolic curve for all the series.

TABLE II

METHOD FOR CALCULATING IMPORTS INDICES, 1926–1927

	IMPORTS IN MILLIONS OF DOLLARS	
	1926	1927
Articles directly covered by index:		
Actual value	(ΣQ_0P_0)	(ΣQ_1P_1)
Total	900	793
Extreme price fluctuations	2	2
Other	898	791
Value at 1926 prices	(ΣQ_0P_0)	(ΣQ_1P_0)
Total	900	731
Extreme price fluctuations	2	1
Other	898 *A*	730 *B*
Value at 1927 prices	(ΣQ_0P_1)	(ΣQ_1P_1)
Total	950	793
Extreme price fluctuations	2	2
Other	948 *a*	791 *b*
Articles not directly covered by index:		
Actual value	224	220
Estimated value at 1926 prices, (i.e., 220 for 1927 multiplied by $B = .92$)	224	202
b		(Q_1P_0)
Estimated value at 1927 prices, (i.e., 224 for 1926 multiplied by $a = 1.06$)	240	220
A	(Q_0P_1)	
Totals used for final calculation:		
Values at 1926 prices:		
Extreme price fluctuations	2	1
Other articles directly covered	898	730
Articles not directly covered	224	202
Total	1,124	933
	(Q_0P_0)	(Q_1P_0)
Values at 1927 prices:		
Extreme price fluctuations	2	2
Other articles directly covered	948	791
Articles not directly covered	240	220
Total	(Q_0P_1)	(Q_1P_1)

FINAL QUANTITY INDEX:

$$\sqrt{\frac{\Sigma Q_1P_0}{\Sigma Q_0P_0}\times\frac{\Sigma Q_1P_1}{\Sigma Q_0P_1}}=\sqrt{\frac{933}{1,124}\times\frac{1,013}{1,190}}=\sqrt{.8301\times .8513}=\sqrt{.7067}=.841$$

Index no. = 84.1

FINAL PRICE INDEX:

$$\sqrt{\frac{\Sigma P_1Q_0}{\Sigma P_0Q_0}\times\frac{\Sigma P_1Q_1}{\Sigma P_0Q_1}}=\sqrt{\frac{1,190}{1,124}\times\frac{1,013}{933}}=\sqrt{1.0587\times 1.0857}=\sqrt{1.1494}=1.072$$

Index no. = 107.2

$$\text{Value ratio}=\frac{1,013}{1,124}=.901$$

Quantity index × Price index = .841 × 1.072 = .901

The equations of the lines of secular trend are given in Table III.

TABLE III

EQUATIONS OF THE LINES OF SECULAR TREND

SERIES	CONSTANTS			EQUATIONS
	a	*b*	*c*	
Import quantity	46.0806	1.1112	.0148	$Y=46.0806+1.1112x+.0148x^2$
Import price	64.7682	.7637	.0041	$Y=64.7682+\ .7637x+.0041x^2$
Export quantity	58.8746	.8896	.0118	$Y=58.8746+\ .8896+\ .0118x^2$
Export price	64.0926	.8490	.0105	$Y=64.0926+\ .8490x+.0105x^2$

Having determined the lines of trend, the next step is to express every item of the series—quantity of imports or exports, or prices of imports or exports—as a percentage of the corresponding ordinate of the line of the series' secular trend. Deviations of the items from the line of secular trend are thus conceived of as departures from the normal, or 100 per cent, i. e., the adjusted index numbers. These adjusted index numbers are given in Table II in the appendix.

INDEX OF BARTER TERMS OF TRADE

From the quantity and price indices of imports and exports we have presented in the preceding page, we can derive indices of the "barter terms of trade" for China. There are two ways of looking at the barter terms of trade, namely gross and net. The first takes into account the whole volume of goods, both imports and exports, i. e., the whole of a country's physical imports as compared with the whole of its physical exports; whereas the second takes into account those goods only which pay for goods. The net barter terms of trade are those of the exchange of domestic goods for foreign goods in the simplest manner, where nothing enters into the trade between countries except sales and purchases of merchandise. But as the non-merchandise transactions enter an occasion for further distinction arises. The actual international trade of any modern country may be separated into two parts: first, the exchange of exported goods for an equal amount of imported goods in terms of value; second, an excess in money value of the imported goods over the exported goods, or vice versa (as the case may be), representing the balance of non-merchandise transactions. The distinction, be it observed, is one of analysis only. What in fact takes place is that one unsegregated mass of physical goods moves toward the country as imports, another mass moves out as exports. For a country having net payments due to it on the "invisible" account, the money value of the imports is greater than that of the exports; for a country in the reverse situation, the money value of the exports is greater. The physical volume of the incoming goods (imports), as compared with the physical volume of the outgoing goods (exports), will be much greater for the country having an excess of imports in money value; that is, such a country will be getting a larger physical quantity of imports in exchange for a given physical quantity of exports than it would get if the money value of the two were equal. This favourable relationship in physical terms is of course quite different from that in terms of value; least of all can it be said that the latter, i. e. the difference in money value, serves as an index or measure of the exchange of goods for goods.

The method by which changes in the net barter terms of trade are expressed consists simply in dividing the import price index by the export price index. From the price indices of imports and exports, we know whether the prices of imports and exports in any given year are higher or lower than those in the base year. If imports and exports in a single year are the same in money value, it follows that a change in prices registers accurately a change in physical quantity. If prices of exports fall a given money value means a larger quantity; and conversely, if prices rise, a given money value means a smaller quantity. The mere movement of import and export prices thus registers changes in the physical quantities exchanged, if the total money value of imports in each year equals the total money value of exports. The movement of prices shows the direction of the changes in physical quantities, and so of the changes in the net barter terms of trade. The relation is obviously the inverse. As export prices fall, more of the exports are given; as import prices rise, less of the imports are received. What is shown is merely whether more or less exports are bartered for a given quantity of imports than were bartered in the preceding year. We do not ascertain whether the terms of trade in a given year are themselves advantageous or favorable, but only whether they have become more or less favorable than those in the preceding year.

The method would be equally applicable if the imports and exports, though not equal to each other in money value from year to year, maintained a constant proportion. If the imports in terms of money were regularly 25 per cent greater than the exports, the reciprocals of the import and export prices would still show the relations of the changes in physical quantities. Their course would of itself suffice to show whether a more or less volume of exports was going out in exchange for a given volume of imports. In either case—equality or constant proportion—we are in a position to follow the direction of changes in the new barter terms of trade.

The suppositions underlying the method of net barter terms of trade do not conform to reality. The imports and exports of no modern country are equal to each other in money value; nor do they bear a constant proportion to each other. The net barter terms of trade are a hypothetical matter. The phenomenon which we encounter in reality is that of gross barter terms of trade, i.e., the relation between the unsegregated mass of goods coming in and the unsegregated mass of goods going out. The method for the measurement of the gross barter terms of trade consists in dividing the quantity index of exports by the quantity index of imports. Here, as in the index of net barter terms of trade, we have nothing that indicates whether the terms are in themselves favorable for any given year. They indicate only the direction and the extent of changes relating to the base year of the indices.

The indices of the gross and net barter terms of trade in China from 1868 to 1927 are given in Table III in the appendix. It should be remembered that in both cases a higher index number signifies that more of the exports are sent out of the country for a given volume of imports; in other words, that the barter terms become less favorable to China. Conversely a lower index number signifies that less of the exports are sent out of the county for a given volume of imports and that the barter terms become more favorable to China.

APPENDIX

TABLE I (A)

Year-to-Year Index Numbers of Quantity and Prices of Imports and Exports in China, 1868–1927

(Imports)

Year	Index Numbers		Quantity × Price	Value Ratio
	Quantity	Price		
1868	102.9	100.0	1.03	1.03
1869	103.6	102.0	1.06	1.06
1870	98.3	97.6	0.96	0.96
1871	108.4	101.4	1.10	1.10
1872	99.5	96.7	0.96	0.96
1873	97.6	101.0	0.99	0.99
1874	115.5	83.2	0.96	0.96
1875	107.3	91.7	0.99	0.99
1876	107.5	95.8	1.03	1.03
1877	99.4	104.9	1.04	1.04
1878	96.6	100.7	0.97	0.97
1879	117.0	98.7	1.16	1.16
1880	88.6	108.7	0.96	0.96
1881	112.7	103.3	1.16	1.16
1882	89.2	95.1	0.85	0.85
1883	96.3	98.5	0.95	0.95
1884	98.6	100.0	0.99	0.99
1885	117.2	102.8	1.21	1.21
1886	87.6	114.2	1.00	1.00
1887	118.0	99.4	1.17	1.17
1888	120.9	101.4	1.23	1.23
1889	87.5	101.5	0.89	0.89
1890	124.4	91.9	1.14	1.14
1891	111.0	95.1	1.06	1.06
1892	98.5	102.3	1.01	1.01
1893	99.2	112.8	1.12	1.12
1894	76.3	140.6	1.07	1.07
1895	100.9	105.2	1.06	1.06
1896	116.2	101.5	1.18	1.18
1897	93.5	106.9	1.00	1.00
1898	103.2	100.2	1.03	1.03
1899	135.3	93.7	1.27	1.27
1900	71.5	111.4	0.80	0.80
1901	126.2	100.6	1.27	1.27
1902	113.4	103.6	1.18	1.18
1903	91.8	113.1	1.04	1.04
1904	106.4	98.8	1.05	1.05
1905	139.5	93.1	1.30	1.30
1906	98.7	92.9	0.92	0.92
1907	93.1	109.1	1.02	1.02
1908	81.9	115.9	0.95	0.95
1909	106.1	99.7	1.06	1.06
1910	102.7	107.8	1.11	1.11
1911	102.2	99.7	1.02	1.02
1912	102.4	97.9	1.00	1.00
1913	120.7	99.9	1.21	1.21
1914	91.6	108.9	1.00	1.00
1915	100.5	79.3	0.80	0.80
1916	104.9	108.3	1.14	1.14
1917	106.7	99.9	1.07	1.07
1918	90.0	112.2	1.01	1.01
1919	114.1	102.2	1.17	1.17
1920	100.6	117.0	1.18	1.18
1921	124.8	95.3	1.19	1.19
1922	119.3	87.4	1.04	1.04
1923	97.8	100.8	0.99	0.99
1924	110.2	100.1	1.10	1.10
1925	91.9	101.5	0.93	0.93
1926	118.9	99.9	1.19	1.19
1927	84.1	107.2	0.90	0.90

TABLE I (B)

YEAR-TO-YEAR INDEX NUMBERS OF QUANTITY AND PRICES OF IMPORTS AND EXPORTS IN CHINA, 1868–1927

(Exports)

YEAR	INDEX NUMBERS		QUANTITY × PRICE	VALUE RATIO
	Quantity	Price		
1868	105.5	114.7	1.21	1.21
1869	105.0	92.4	0.97	0.97
1870	94.3	96.5	0.91	0.91
1871	118.3	102.3	1.21	1.21
1872	109.9	101.9	1.12	1.12
1873	90.2	103.1	0.93	0.93
1874	102.6	92.5	0.95	0.95
1875	105.3	88.5	0.93	0.93
1876	101.3	115.9	1.17	1.17
1877	95.3	86.8	0.83	0.83
1878	101.5	98.5	1.00	1.00
1879	104.5	102.8	1.07	1.07
1880	109.1	99.3	1.08	1.08
1881	92.3	98.6	0.91	0.91
1882	105.6	89.3	0.94	0.94
1883	102.8	101.7	1.05	1.05
1884	107.2	89.3	0.96	0.96
1885	94.0	103.2	0.97	0.97
1886	104.7	95.5	1.00	1.00
1887	76.0	146.9	1.12	1.12
1888	105.7	101.2	1.07	1.07
1889	103.8	101.6	1.05	1.05
1890	92.8	96.6	0.90	0.90
1891	114.2	101.7	1.16	1.16
1892	104.0	98.1	1.02	1.02
1893	114.8	98.9	1.14	1.14
1894	105.0	104.1	1.09	1.09
1895	110.4	101.2	1.12	1.12
1896	85.0	107.9	0.92	0.92
1897	109.2	114.6	1.25	1.25
1898	103.0	94.2	0.97	0.97
1899	98.5	125.2	1.23	1.23
1900	87.8	92.4	0.81	0.81
1901	107.8	96.8	1.04	1.04
1902	110.1	117.0	1.29	1.29
1903	91.8	109.0	1.00	1.00
1904	107.1	104.2	1.12	1.12
1905	97.7	97.5	0.95	0.95
1906	103.3	100.2	1.04	1.04
1907	103.9	107.7	1.12	1.12
1908	108.8	96.4	1.05	1.05
1909	127.2	96.2	1.22	1.22
1910	110.8	101.4	1.12	1.12
1911	99.2	99.7	0.99	0.99
1912	101.7	96.8	0.98	0.98
1913	96.3	112.9	1.09	1.09
1914	83.8	105.4	0.88	0.88
1915	115.1	102.3	1.18	1.18
1916	106.1	108.5	1.15	1.15
1917	105.8	90.8	0.96	0.96
1918	97.4	107.8	1.05	1.05
1919	132.8	97.8	1.30	1.30
1920	85.2	100.8	0.86	0.86
1921	106.4	104.2	1.11	1.11
1922	102.8	106.0	1.09	1.09
1923	105.2	109.3	1.15	1.15
1924	105.4	103.1	1.09	1.09
1925	97.3	103.3	1.01	1.01
1926	106.2	104.8	1.11	1.11
1927	109.2	97.4	1.06	1.06

TABLE II

QUANTITY AND PRICE INDICES OF IMPORTS AND EXPORTS OF CHINA, 1868–1927
(Ordinate of Trend=100)

Year	Imports		Exports	
	Quantity	Price	Quantity	Price
1868	64.61	137.13	75.85	113.15
1869	69.42	137.45	81.28	106.19
1870	70.62	131.94	78.22	103.95
1871	79.28	131.25	94.05	107.64
1872	81.35	124.71	104.98	110.80
1873	81.72	123.69	95.84	115.30
1874	96.43	100.97	99.47	107.42
1875	105.58	90.95	105.76	95.44
1876	114.95	85.29	107.92	111.06
1877	115.35	87.49	103.46	96.52
1878	112.06	86.12	105.39	93.01
1879	131.21	83.09	110.18	97.35
1880	115.73	88.25	119.92	96.32
1881	129.27	89.26	110.22	94.51
1882	113.71	83.05	115.63	83.99
1883	107.59	79.88	117.91	84.78
1884	103.84	78.07	124.95	74.76
1885	118.69	78.02	117.90	75.06
1886	101.23	87.30	121.60	70.63
1887	115.47	84.69	90.97	102.17
1888	134.94	83.88	94.52	101.64
1889	113.77	83.25	96.05	101.53
1890	135.91	74.86	87.16	96.24
1891	144.71	69.51	97.15	95.75
1892	136.61	69.46	98.58	91.92
1893	129.56	76.43	110.37	88.83
1894	94.55	104.99	112.92	90.34
1895	90.97	107.94	121.16	89.17
1896	100.98	107.02	99.98	93.77
1897	90.03	111.86	106.04	104.66
1898	88.55	109.41	105.90	95.92
1899	118.83	100.15	101.22	116.88
1900	77.63	108.90	86.14	105.10
1901	93.43	107.09	89.98	98.94
1902	100.91	108.37	95.97	112.56
1903	88.19	119.73	84.23	119.14
1904	89.48	115.67	88.22	120.67
1905	119.10	105.25	83.21	114.28
1906	112.21	95.65	83.32	111.21
1907	99.67	101.91	83.71	116.17
1908	77.95	115.48	88.09	108.72
1909	79.03	112.54	108.44	101.49
1910	95.29	118.15	116.27	99.91
1911	93.24	115.75	115.59	96.65
1912	91.35	110.77	109.83	90.83
1913	105.54	104.06	102.26	99.50
1914	92.65	115.32	82.90	101.79
1915	83.33	89.52	92.37	101.06
1916	89.90	94.89	94.86	106.48
1917	92.11	92.77	97.12	93.84
1918	79.64	101.87	91.59	98.24
1919	87.36	101.91	87.52	93.32
1920	84.49	116.72	97.23	91.37
1921	101.45	108.91	100.20	92.46
1922	116.49	93.19	99.85	95.26
1923	109.74	91.97	101.83	101.19
1924	116.55	90.18	104.05	101.38
1925	103.31	89.70	98.19	101.79
1926	118.54	87.81	101.14	103.75
1927	96.22	92.27	107.19	98.25

TABLE III

INDEX NUMBERS OF CHINA'S VOLUME AND PRICE OF IMPORTS AND EXPORTS AND OF GROSS AND NET BARTER TERMS OF TRADE, 1868–1928

(1913=100)

YEAR	QUANTITY INDICES		PRICE INDICES		INDICES OF BARTER TERMS OF TRADE	
	Import Q	Export Q	Import P	Export P	Gross Q/Q	Net P/P
1868	20.7	36.0	46.6	57.2	173.9	81.5
1869	21.4	37.8	47.5	52.9	176.6	89.8
1870	21.0	35.7	46.4	51.1	170.0	90.8
1871	22.8	42.2	47.0	52.3	185.1	89.9
1872	22.7	46.4	45.5	53.3	204.4	85.4
1873	22.2	41.8	46.0	55.0	188.3	83.6
1874	25.6	42.9	38.3	50.9	167.6	75.2
1875	27.5	45.2	35.2	45.0	164.4	78.2
1876	29.5	45.8	33.7	52.2	155.3	64.6
1877	29.3	43.7	35.3	45.3	149.1	77.9
1878	28.3	44.4	35.5	44.6	156.9	79.6
1879	33.1	46.4	35.0	45.8	140.2	76.4
1880	29.3	50.6	38.0	45.5	172.7	83.5
1881	33.0	46.7	39.3	44.9	141.5	87.5
1882	29.4	49.3	37.4	40.2	167.7	93.0
1883	28.3	50.7	36.8	40.9	179.2	90.0
1884	27.9	54.3	36.8	36.5	194.6	100.8
1885	32.7	51.9	37.8	37.1	158.7	101.9
1886	28.7	54.3	43.1	35.4	189.2	121.8
1887	33.8	41.3	42.8	52.0	122.2	82.3
1888	40.9	43.7	43.4	52.6	106.8	82.5
1889	35.8	45.3	44.1	53.5	126.5	82.4
1890	44.5	42.0	40.6	51.7	94.4	78.5
1891	49.4	47.9	38.6	52.5	97.0	73.5
1892	48.7	49.8	39.5	51.5	102.3	76.7
1893	48.3	57.2	44.5	50.9	118.4	87.4
1894	36.9	60.1	62.6	53.0	162.9	118.1
1895	37.2	66.3	65.9	53.6	178.2	122.9
1896	43.3	56.3	66.9	57.8	130.0	115.7
1897	40.5	61.5	71.6	66.2	151.9	108.2
1898	41.8	63.3	71.7	62.3	151.4	115.1
1899	56.5	62.4	67.2	78.0	110.4	86.2
1900	40.4	54.8	74.8	72.1	135.6	103.7
1901	51.0	59.1	75.3	69.8	115.9	107.9
1902	57.8	65.1	78.0	81.7	112.6	95.9
1903	53.0	59.7	88.2	89.0	112.6	99.1
1904	56.4	63.9	87.2	92.8	113.3	94.0
1905	78.7	62.4	81.2	90.5	79.3	89.7
1906	77.7	64.5	75.5	90.7	83.0	83.2
1907	72.3	67.0	82.3	97.6	92.7	84.3
1908	59.2	72.9	95.4	94.1	123.1	101.4
1909	62.8	92.8	95.1	90.5	147.8	105.10
1910	79.2	102.9	102.6	91.8	129.9	111.8
1911	81.0	102.1	102.3	91.5	126.0	111.8
1912	82.9	103.9	100.1	88.6	125.3	113.0
1913	100.0	100.0	100.0	100.0	100.0	100.0
1914	91.6	83.8	108.9	105.4	91.5	103.3
1915	92.1	96.5	86.4	107.8	104.8	80.1
1916	96.6	102.4	93.6	117.0	106.0	80.0
1917	103.1	108.3	93.5	106.2	105.0	88.0
1918	92.8	105.5	104.9	114.5	113.7	91.6
1919	105.9	140.1	107.2	112.0	132.3	95.7
1920	106.5	119.4	125.4	112.9	112.1	111.1
1921	132.9	127.0	119.5	117.6	95.6	101.6
1922	158.5	130.6	104.4	124.7	82.4	83.7
1923	155.0	137.4	105.2	136.3	88.6	77.2
1924	170.8	144.8	105.3	140.5	84.8	74.9
1925	157.0	140.9	106.9	145.1	89.7	73.7
1926	186.7	149.6	106.8	152.1	80.1	70.2
1927	157.0	163.4	114.5	148.1	104.1	77.3

IV

THE TARIFF AUTONOMY OF CHINA

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The impression prevails that China has recovered her tariff autonomy since the application of the new tariff rates on February 1, 1929. There is, on the other hand, quite a considerable doubt as to this prevailing belief. The query is, therefore, in the mind of all intelligent people: whether China is now enjoying tariff autonomy.

How China lost her tariff autonomy is well known to all. As an unfortunate consequence of the Opium War (1839–1842) with Great Britain and by virtue of the Treaty of Nanking, August 29, 1842, and the supplementary treaty of October 8, 1843,[1] she lost her autonomy in regulating her own tariff rates, the tariff of import and export duties being agreed to be 5 per cent *ad valorem* except in some instances when the rate went up as high as 10 per cent. She lost the control of her Maritime Customs Administration through the agreement with Great Britain, February 18, 1898,[2] that, while British trade predominated, the Inspector-General of the Chinese Maritime Customs should be a British subject, and also through the Final Protocol for the Settlement of the Boxer Trouble, September 7, 1901,[3] by virtue of which the revenues of the 5 per cent uniform duties were pledged as first security for the indemnity of four hundred million Haikwan Taels, thereby prolonging the foreign control of the Chinese Maritime Customs Administration.

China's repeated attempts to raise her tariff rates and, what is more important, to recover her tariff autonomy, likewise need no reiteration. In the Mackay Treaty of September 5, 1902,[4] in the American Treaty of October 8, 1903,[5] and in the Japanese Treaty the same date,[6] she obtained consent for an increase of the import tariff to 12½ per cent and of the export duty to 7½ per cent *ad valorem,* but the failure to meet the conditions—the abolition of Likin and the unanimous concurrence of all the Powers enjoying, or who might enjoy, most favored nation treatment—rendered the stipulations non-effective. At the Paris Peace Conference of 1919, she put in her claims for the execution of the aforesaid provisions and the recovery of tariff autonomy, but she was given a deaf ear. At the Washington Conference of 1921–1922, she again entered her claims; and this time was accorded a more sympathetic hearing. As a consequence, in the Nine Power Treaty, February 6, 1922, relating to the Chinese Customs Tariff,[7] she was granted an immediate revision of the customs schedule of duties on imports to make the rates equivalent to 5 per cent effective. A special conference was to be convened in China composed of the representatives of the Powers, signatory and adhering, to prepare the way for the abolition of Likin and the fulfilment of the other conditions laid down in the commercial treaties of 1902 and 1903 with Great Britain, America, and Japan, with a view to levying the surtaxes provided therein. Pending the fulfilment of these objects and as interim measures, the special conference was to consider the levying of a uniform surtax on dutiable imports not exceeding 2½ per cent *ad valorem,* excepting in certain cases of luxuries on which a greater surtax might be imposed, not to exceed 5 per cent *ad valorem.*

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[1] Hertslet, I, No. 1; *State Papers,* Vol. XXXI, pp. 132, 141 ff.

[2] MacMurray, 1898/2.

[3] MacMurray, 1901/3.

[4] Hertslet, I, No. 28, 174.

[5] Hertslet, I, No. 100, 566, 568.

[6] Hertslet, I, No. 66, 384.

At the Special Tariff Conference convened at Peking on October 26, 1925, China entered claims for a complete restoration of her tariff autonomy to take effect on January 1, 1929, and the enforcement of an interim surtax, in addition to the original tariff of 5 per cent *ad valorem,* of 5 per cent on ordinary goods, 30 per cent on wine and tobacco, and 20 per cent on all the other luxuries. Meanwhile she declared her intention to bring about the abolition of Likin simultaneously with the exercise of tariff autonomy, that is, of January 1, 1929.[8] In the course of the negotiation at the Conference, as a more specific proposal regarding the interim surtaxes, she submitted a plan of classifying foreign imports into seven classes[9] as follows:

Class A—27½%
Class B—22½
Class C—17½
Class D—12½
Class E— 7½%
Class F— 5
Class G— 2½

These were calculated to yield an additional revenue of some ninety million dollars,—an amount which she claimed to be in need of. Twelve Powers were present, other than China, namely, America, Belgium, Denmark, France, Great Britain, Italy, Japan, The Netherlands, Norway, Portugal, Spain, and Sweden. In general, they were in favor of the immediate collection of the surtaxes 2½ per cent to 5 per cent as granted at the Washington Conference, the further increase of the customs duties to 12½ per cent on imports and 7½ per cent on exports, the entrusting of the custody of the funds to the customs administration, and the devotion of the proceeds of the funds to compensation of the provinces in lieu of Likin, and to the payment of rebate charges, the refunding of unsecured debts, and the administrative expenses of the Central Government. Because, however, of civil war, change of administration, and departure of some of the Chinese Delegates, the Conference broke up in July, 1926, without sealing its agreements or resolutions in a formal compact.

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[7] *Report of the Conference on the Limitation of Armament* (Feb. 6, 1922), pp. 1630–1639.

[8] *The Special Conference on the Chinese Customs Tariff* (Oct., 1925–April, 1926), p. 40 ff.

[9] *Ibid.,* p. 519.

But the one concrete and outstanding achievement of the Special Conference was the passing on November 19, 1925,[10] by the Committee on Provisional Measures, of the resolution permitting China's exercise of tariff autonomy on January 1, 1929.

> The Delegates of the Powers at this Conference resolve to adopt the following proposed article relating to tariff autonomy with a view to incorporating it together with other matters, to be hereafter agreed upon, in a treaty which is to be signed at this Conference:—
>
> The Contracting Powers other than China hereby recognize China's right to enjoy tariff autonomy; agree to remove the tariff restrictions which are contained in existing treaties between themselves respectively and China; and consent to the going into effect of the Chinese National Tariff Law on January 1, 1929.
>
> The Government of the Republic of China declares that Likin shall be abolished simultaneously with the enforcement of the Chinese National Tariff Law; and further declares that the abolition of Likin shall be effectively carried out by the First Day of the First Month of the Eighteenth Year of the Republic of China [January 1, 1929].

Since the disruption of the Special Conference, this resolution has served as the torchlight of the Chinese national aspiration for tariff autonomy and as the vision of a cherished goal to be reached. While the forces of the Kuomintang and the Mukden Party were struggling for the control of the Central Government, both parties made the execution of this Resolution, particularly in relation to the exercise of tariff autonomy on January 1, 1929, a cardinal policy of their party platforms. The Nationalist, or Kuomintang, forces, began to collect the Washington surtaxes at Canton on October 11, 1926, and, wherever their influence reached, enforced the said collection. Upon establishing a provisional government at Nanking, they even made a definite but unsuccessful assertion of tariff autonomy on September 1, 1927.[11] The British Memorandum of December 18, 1926, having advocated an immediate and unconditional grant of the Washington surtaxes, the Mukden party, then in control of Peking, also commenced to collect these taxes on February 1, 1927, and notified the related Legations in Peking on January 13, 1927,[12] of their determination to put into effect the full exercise of tariff autonomy on January 1, 1929.

The capture of Peking in June, 1928, by the victorious arms of the Nationalists decided the issue of the struggle. The transfer of the central authority to Nanking, the apparent unification of the country and the impending approach of the date set for the exercise of tariff autonomy made the Nanking Government feel that this was the golden and the only opportunity to make a drive toward the promised land. So propitiously situated and so inspired, they cast around for a mode of procedure that would insure reasonable success in the significant undertaking. As the Nationalists had strongly objected to the convention of the Special Tariff Conference,[13] they could not go back on their own words and reconvene the defunct conference. Nor, in view of the failure of the premature assertion a year ago, could they resort to the extraordinary measure of unilateral termination of the existing treaties relative to tariff matters. The only alternative left was the conclusion of new treaties with the several Powers who had attended the Special Conference by the process of individual negotiation.

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[10] *Ibid.*, pp. 197–198.

[11] Declaration of the Nationalist Government at Nanking, July 20, 1927, ordering the abolition of Likin in Kiangsu, Anhui, Chekiang, Fukien, Kwangtung, and Kwangsi, and the exercise of tariff autonomy on September 1, 1927 (*Chronicle of the Recovery of China's Tariff Autonomy* [published by the Chinese Ministry of Foreign Affairs], pp. 81–87).

[12] Dr. V. K. Wellington Koo to Heads of Missions or Legations, Peking, January 13, 1927 (*Far Eastern Times*, Jan. 15, 1927); also the three presidential mandates, relating to the collection of the Washington surtaxes and the exercise of tariff autonomy, Jan. 12, 1927 (*ibid.*, Jan. 14, 1927).

This procedure was adopted and the first treaty was concluded with the United States of America, July 25, 1928. In this Treaty, America recognized China's tariff autonomy, subject to the sole condition of a reciprocal grant of the most favored nation treatment.[14] In view of the attitude America took at the Special Conference, this treaty surpassed expectations. At the Special Conference, in granting tariff autonomy on January 1, 1929, she insisted as conditions on the abolition of Likin and the application of the interim surtaxes to the compensation to provinces in lieu of Likin, the payment of rebate charges, the refunding of unsecured debts and the administrative expenses of the Central Government. In this Treaty, she abandoned all these conditions and insisted only on the stipulation of a reciprocal grant of the most favored nation treatment. It is to be pointed out here that this treaty was the most favorable of the whole series of treaties to follow and might well have been made a model for all subsequent related conventions.

The only treaties that more or less followed the line laid down by America were those of Norway, The Netherlands, and Sweden. The Sino-Norwegian Treaty of November 12, 1928,[15] followed the American model closely, with an attached exchange of notes envisaging the conclusion of a new treaty, on a basis of equality and mutual respect for sovereignty, in place of the old treaty of 1847. The Sino-Netherlands Treaty of December 19, 1928, also followed the American model, with, however, an attached interpretation of the most favored nation treatment and an agreement fixing the maximum rates for certain Dutch commodities for one year beginning from the date of the coming into force of the New Chinese National Tariff.[16] The Sino-Swedish Treaty of December 20, 1928, likewise followed the American model, with, however, as in the case of the Sino-Netherlands Treaty, an exchange of notes stating the mutual understanding regarding the interpretation of the most favored nation treatment.[17]

The Sino-German Treaty of August 17, 1928, constitutes a distinct class by itself. It did not stipulate for the German recognition of China's tariff autonomy, as the Treaty of May 20, 1921,[18] between the two states had contained a provision to this effect, but, on the contrary, China accorded Germany the same most favored treatment as she did the United States of America or any other state or states enjoying the same privilege. This places Germany on a par with the other Treaty Powers, whereas, according to the former Treaty of May 20, 1921, she was entitled to the same treatment, not as any third state enjoying the most favored nation treatment, but as the Chinese, in tariff matters.[19] For this reason there was some adverse criticism of the new treaty.

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[13] Declaration of the Nationalist Government, Aug. 3, 1926 (*Chronicle of the Recovery of China's Tariff Autonomy*, pp. 78–89); *China Year Book* (1926–1927), pp. 1142-1146; Eugene Chen's Protest to American Minister, July 14, 1926; Eugene Chen's Rejoinder, July 28, 1926.

[14] "Sino-Foreign Treaties of 1928," *Peking Leader Reprints*, No. 43, pp. 3–4; *Chronicle of the Recovery of China's Tariff Autonomy*, pp. 95–96.

[15] *Ibid.*, pp. 103–104.

[16] *Ibid.*, pp. 30–32.

[17] *Ibid.*, pp. 41–43.

The other treaties that deserve a separate treatment are the group of five treaties concluded between China on the one hand and Belgium, Italy, Denmark, Portugal and Spain, on the other, relating not only to the recognition of tariff autonomy, but also to the relinquishment of extra-territoriality.[20] The Sino-Belgian Treaty of November 22, the Sino-Italian Treaty of November 27, the Sino-Danish Treaty of December 12, the Sino-Portuguese Treaty of December 19, and the Sino-Spanish Treaty of December 27,—all of 1928,—stipulated the mutual recognition of tariff autonomy, and, subject to certain conditions, the relinquishment of extra-territoriality in China by or on January 1, 1930.[21]

The Sino-British Treaty of December 20, 1928,[22] contains certain special features which deserve attention. Aside from the usual recognition of tariff autonomy on the condition of the most favored nation treatment, it is stipulated in the annexes that the *ad valorem* rates of duties or the specific rates based thereon in the national customs tariff to be adopted by China should be the same as the rates which were discussed and provisionally agreed upon at the Tariff Conference of 1926 and that these should be the maximum rates to be levied on British goods; and furthermore that these should remain the maximum rates on such goods for a period of at least one year from the date of the enforcement of the tariff. It is also provided in the annexes that, with the coming into force of the New Chinese National Tariff, China should execute the Declaration of July 20, 1927,[23] proclaimed by the Nanking Government, announcing its intention to take as soon as possible the necessary steps effectively to abolish Likin, native customs dues, coast trade duties and all the other taxes on imported goods whether levied in transit or on arrival or at destination; and that goods having once paid import duties to the maritime customs in accordance with the rates imposed by the new or any subsequent national tariff should be freed, as soon as possible, from any levies of the nature specified in the aforesaid proclamation. It is further agreed in the annexes that the new rates should be uniformly enforced on all land and sea frontiers and that with the coming into force of the new tariff the preferential rates at present levied on goods imported or exported by land frontiers should accordingly be abolished. It is thus seen that by virtue of this British Treaty China is obligated to base the new national tariff rates on those discussed and provisionally agreed upon at the Special Tariff Conference of 1926, and to let these remain in force for at least one year from the date of their application, and furthermore to undertake the abolition of Likin, native customs dues, coast trade duties and all the other taxes on imported goods whether levied in transit or on arrival or at destination.

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[18] *Ibid.*, pp. 96–97.

[19] Art. 4, the Sino-German Treaty, May 20, 1921, *China Year Book* (1921–1922), pp. 738–741.

[20] "Sino-Foreign Treaties of 1928," op. cit., pp. 10 ff.; *Chronicle*, pp. 125–129.

[21] For a fuller treatment of these five treaties, see the data paper by the same author on "Relinquishment of Extra-territoriality in China."

[22] "Sino-Foreign Treaties of 1928," op. cit., pp. 33–40; *Chronicle*, pp. 110–119.

[23] *Chronicle*, pp. 81–86.

The Sino-French Treaty of December 22, 1928,[24] likewise embodies certain new features which should also be carefully noticed. In addition to the recognition of China's tariff autonomy on the condition of the most favored nation treatment, it is stipulated that a reciprocal tariff convention should be concluded mutually according minimum rates on certain articles;[25] and that the reduction of customs duties on the land frontier between Indo-China and China should be maintained until the conclusion of a new convention, but that even if the new convention has not yet been concluded in time, the provisions referring to the reduction of tariff duties on the said land frontier should cease to apply from March 31, 1929. It is further stipulated that, after the coming into force of the new customs tariff and as soon as possible, China would do away with Likin; and that part of the increased customs funds should be earmarked for the service of loans so far inadequately secured, in which the French are interested. It is thus manifest that, by virtue of this French Treaty China is committed not only to the abolition of Likin and the uniform application of tariff duties on land and maritime frontiers, but also to two new principles hitherto not observed in other treaties, that is, the conclusion of the reciprocal tariff convention and the setting aside of part of the increased customs revenue for the service of certain inadequately secured foreign loans.

As a resume of the main contents of the aforesaid treaties, it can be stated that, apart from Germany and with the sole exception of Japan, the twelve Powers other than China who attended the Special Tariff Conference, namely, America, Belgium, Denmark, France, Great Britain, Italy, the Netherlands, Norway, Portugal, Spain and Sweden, have all recognised China's tariff autonomy, and all did so on the condition of the most favored nation treatment, that is to say, privileges, favors or immunities, with respect to commerce and navigation, granted to a given state, shall also be granted to the others enjoying, or who may enjoy, the said treatment. It is again to be observed that the new national tariff rates are to be based on those discussed and provisionally agreed upon at the Special Conference of 1926 and to remain in force for at least one year from the date of application. It is further to be noticed that China is obligated as soon as possible to undertake the abolition of Likin, native customs dues, coast trade duties and all the taxes on imported goods whether in transit or on arrival or at destination. It is still furthermore to be mentioned that she is committed to the conclusion of reciprocal tariff conventions and the setting aside of part of the increased customs revenue to the service of unsecured or inadequately secured foreign loan obligations.

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[24] "Sino-Foreign Treaties of 1928," op. cit., pp. 44-48; *Chronicle,* pp. 119-124.

[25] A list of Chinese goods that are to enjoy such privileges is attached thereto, mainly silk and tea.

Japan, as has been intimated, constitutes the sole exception. When China sent the schedule of her new tariff rates to the interested Powers on December 6, 1928, to be effective on February 1, 1929, Japan was the only state that returned the notice. Subsequently, having been satisfied with confidential negotiations in regard to the services of certain loans in which she was interested, and again having received the notice concerning the new rates on January 19, 1929, she ordered her Chargé d'affaires then in Peking to signify her consent. So far the documents have not been published, and the question remains what the contents of these secret documents are.

The present status of the question of China's tariff autonomy thus appears to be as follows. Her tariff autonomy has been formally recognised by all the Powers except Japan. However, by the operation of the most favored nation clause, she enjoys no more tariff autonomy *vis-à-vis* the other Powers than she does *vis-à-vis* Japan. It can not be said that the cherished goal set by the Resolution passed at the Special Conference authorising her to exercise full tariff autonomy on January 1, 1929, has been reached until Japan also has formally recognised her tariff autonomy.

It remains now for us to observe briefly the present Chinese customs administration.

The schedule of the new import tariff of 1929[26] covers 718 headings, divided into 12 main classifications. It is based on the market values of 1922. The original 5 per cent is now estimated to be about 4.3 per cent effective.[27] The rates range from 7½ per cent to 27½ per cent *ad valorem* or specific.[28] The average rate is 12½ per cent, unenumerated goods being taxed at this rate. The export tariff is still 5 per cent, the *ad valorem* rates being based on the current wholesale market prices and the specific duties on the market values of 1858,—the latter estimated to be only 1½ per cent to 2 per cent effective. There is a surtax amounting to half of the export duty which brings the total to 7½ per cent effective in the case of goods paying on *ad valorem* rate and a theoretical 7½ per cent in the case of goods paying a specific rate. The surtax is to remain, however, until the promulgation of the new export tariff.

The new tariff of China is not protective at all. Being based on the schedule of rates as discussed and provisionally agreed upon at the Special Tariff Conference, it has not taken into consideration the vital task of protecting infant industries or fostering those contributing toward economic self-sufficiency in time of war. In the main, it is designed to produce revenue with very little thought being given any economic questions related thereto.[29] It simply attempts to make a reasonable differentiation between necessities and luxuries, the latter paying higher rates than the former.

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[26] *Customs Import Tariff of the Republic of China* (1929), published by the Statistical Department of the Inspectorate General of Customs, the Maritime Customs, III, "Miscellaneous Series," No. 34; *Chronicle*, pp. 130 ff.

[27] *The Special Conference on the Chinese Customs Tariff*, p. 519.

[28] Cigarettes and cigars are subject to a further excise of 32½ per cent collected by Special Tobacco Tax Bureaus. Kerosene is likewise subject to a special tax of one dollar per case of two tins collected by the Maritime Customs Administration.

The transit tax of 2½ per cent in lieu of Likin still exists. Likin, in spite of the strenuous efforts made by the Government towards its extirpation, unfortunately also still remains in force in many parts of China. The tonnage dues are still collected. In a few ports, wharfage and conservancy dues are also collected in addition to the regular tariff, amounting to 5 per cent of the original 5 per cent. As to the coasting trade duties, foreign goods are exempt therefrom; Chinese goods, however, excepting special privileged factory products,[30] are required to pay the regular export duties at the port of shipping, that is, 7½ per cent and one-half of this rate 3¾ per cent at the port of landing, amounting in total to 11½ per cent. Special privileged factory products pay one full export duty with surtax on shipment and are thereafter free of coast trade duty and/or Likin.

An estimate of the total revenue from the new tariff is extremely difficult to make. The current year of 1929 is not yet over, and so the returns of the customs are not yet available. Nevertheless, to satisfy the curiosity of our kind readers, a rough but plausible estimate is herewith attempted. The gross collection of 1927 at the old 5 per cent by the maritime and native customs was 72,519,488 Haikwan Taels.[31] Converted into Chinese dollars at the rough rate of $1.50 for one Haikwan Tael this would amount approximately to $109,000,000. The new rates of surtaxes were reckoned at the Special Conference of 1926 to yield some $96,717,000 dollars.[32] The total gross collection under the new tariff should therefore yield probably $200,000,000 or more.

The deposit of customs receipts needs some explanation. The receipts of the maritime customs have for some time been kept in custody by the Hongkong and Shanghai Banking Corporation, but, with the enforcement of the new tariff, they are divided between the aforesaid bank and the newly established Central Bank of China. The receipts from the old 5 per cent are still kept at the Hongkong and Shanghai Banking Corporation; and they are more than sufficient to meet all the requirements of the obligations of 1895, 1896, and 1898 loans, the Boxer Indemnity, and the Reorganisation Loan of 1913, there being a surplus available for other purposes. The receipts from the additional tariff, the old German and Russian portions of the Boxer Indemnity, tonnage dues, and the aforesaid surplus are now deposited in the Central Bank of China in the Inspector General of Customs' Revenue Suspense Account, subject to the order of the Inspector General under the instruction of the Chinese Minister of Finance.

The administration of the Chinese Customs remains about the same as before.

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[29] "The Customs Report of Shanghai for the first six months of 1929 shows an increase of 21 per cent as against the corresponding period of the previous year, which evidences the revenue nature of the new tariff" (*North China Daily News,* July 5, 1929).

[30] "Laws Regulating Factory Products, Effective September 1, 1927," *Chronicle,* pp. 85–86.

[31] "Report and Abstract of Statistics," *Foreign Trade of China* (1927), Part I, p. 22.

[32] *The Special Conference on the Chinese Customs Tariff,* p. 519.

Faithfully abiding by the agreement with Great Britain of February 18, 1898, that, while the British trade predominates, the Inspector General of the Chinese Maritime Customs should be a British subject, and by the declaration made by the Chinese Delegates at the Washington Conference[33] not to effect any change which might disturb the present administration of the Chinese Maritime Customs, the customs administration remains under foreign control, a British subject still being the Inspector General. Modifications, however, toward a gradual nationalisation of the service, as also declared at the Washington Conference,[34] are being made. The Inspector General is primarily placed under the control of the Chinese Minister of Finance but virtually under that of the Chinese Director of Customs, and has to submit a budget subject to the approval of the Government. The employment of foreign staff members is already stopped, save with the special consent of the Chinese Director General of Customs. The Chinese and the foreign employees are put on an equal footing in function and authority except in respect of compensation. Several Chinese are already appointed Commissioners of Customs,[35] —posts formerly reserved exclusively for foreign members of the staff.

One more question remains to be mentioned, that is, when will and can China obtain full tariff autonomy? With respect to the regulation of tariff rates, the question hinges on when, or how soon, China and Japan can successfully conclude a treaty of commerce and navigation that can give China the much desired recognition of her tariff autonomy. If this can be accomplished before the expiration of the minimum period of one year during which the present conventional tariff is to be in force, that is, before February 1, 1930, she can have tariff autonomy respecting the regulation of rates. Otherwise, she will have to be under the servitude of the conventional tariff until Japan is willing and ready to release her from this bondage.

The question, therefore, turns on the zeal and determination of the Chinese in striving for the cherished object, and, what is more, on the good will and willingness of Japan. On the part of China, the Chinese people, especially the intelligent, are still anxious to see an early consummation of the question. The government authorities are undoubtedly as eager as the Chinese people; but certain considerations might deter the zeal of the government authorities, such as the fear of internal squabbles resulting from the exercise of tariff autonomy over the question of protection and free trade, and the prospect of obtaining the maximum yield of revenue from the present tariff. As for Japan, having undergone the experience of serving under the bondage of a conventional tariff for 12 years from 1899 when she succeeded in abrogating the unequal treaties, to 1911 when she assumed the full exercise of tariff autonomy, she might be inclined to let China pass through the same wilderness or at least taste part of her own bitter experience.

With reference to the resumption of control of the administration of the

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[33] *Senate Document* 126, p. 770, 31st Meeting, Committee on Pacific and Far Eastern Questions, Feb. 3, 1922, 3 P. M.; p. 175, 6th Plenary Session, Feb. 4, 1922, 67th Congress, 2d Session.

[34] *Ibid.*

[35] Such as at Changsha, Soochow, Chunking, and Hangchow.

Chinese Maritime Customs, the goal to be reached is even more remote. While the Chinese may desire an early elimination of the foreign control the pledging of the revenues of the Chinese Maritime Customs as first security for the Boxer Indemnity and the other foreign loans is likely to prolong the foreign control of the administration, the amortisation being not to end under the original agreement until 1940 and, because of the postponement for five years granted by the Powers on China's entrance into the great war, not until 1945.

V

THE RELINQUISHMENT OF EXTRA-TERRITORIALITY IN CHINA

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With tariff autonomy provisionally settled as stated in the companion data paper, the most outstanding and difficult question between China and the powers interested is the relinquishment of extra-territoriality.

The origin of extra-territoriality in China dates back to the days of the Opium War (1839–42), when in the General Regulations concluded with Great Britain on October 8, 1843,[1] governing the British trade at the first five treaty ports and supplementary to the Treaty of Nanking of 1842 settling the questions of the war, extra-territoriality of a unilateral kind was granted for the first time. Today there are still sixteen states enjoying the right of extra-territoriality, namely, the United States of America, Belgium, Brazil, British Empire, Denmark, France, Italy, Japan, Mexico, The Netherlands, Norway, Peru, Portugal, Spain, Sweden and Switzerland. Mexico, however, declared in August, 1929, her readiness to assent to the termination of the special privilege.[2]

The practice of extra-territoriality in China needs no reiteration. As a rule, it follows the personality of the defendant. It exempts foreign nationals enjoying the privilege from the judicial process of territorial tribunals as well as from liability of search. In general, all consuls of the Powers concerned are authorized to exercise extra-territorial jurisdiction in courts known as consular courts. The laws applied in these extra-territorial courts are the laws of the states exercising extra-territorial jurisdiction, save in rights of realty which are determined according to *lex situs,* and save also probably in local laws and municipal ordinances of the Chinese Government. The tribunals that have jurisdiction over mixed cases between a Chinese defendant and a foreign plaintiff have been commonly known as mixed courts, a foreign assessor being usually permitted to attend trials in such courts.

Chinese objections to extra-territoriality are too well known to need reiteration. Extra-territorial jurisdiction constitutes a derogation from and an infringement of Chinese sovereignty. Consular judges are sometimes found unsatisfactory in view of the lack, in many instances, of legal and judicial training. The combination of consular and judicial functions violates the modern principle of the separation of administrative and judicial functions, thereby not infrequently resulting in the maladministration of justice in favor of foreign nationals. Multiplicity of courts and diversity of laws give rise to evils of judicial uncertainty and disparity of judgment and punishment. The consular, or extra-territorial, courts lack control over plaintiffs and witnesses that are not of the defendant's nationality, the jurisdiction being personal. The difficulty in obtaining evidence for crimes committed in the interior and the remoteness of some of the extra-territorial courts from the scene of the crime renders any immediate, efficient and fair administration of justice well nigh impossible. The immunity of foreigners from the operation of Chinese regulations relating to traffic, taxation, and the press often constitutes a source of friction between foreigners and Chinese authorities. The irregular extension of protection by the extra-territorial Powers to Chinese, Chinese firms and individuals by permitting registration at their consulates, often removes those persons and their business interests from the jurisdiction of Chinese law and courts. Foreign premises being not subject to search and entry by Chinese judicial or other authorities, extra-territorial nationals often give protection to Chinese citizens on their premises, and the Chinese criminals thus protected cannot be arrested without due consent of the consular authorities concerned. In the famous incident of Shanghai, May 30, 1925, the shooting by the Japanese authority of the Chinese labor representative, the ignoring by the police authorities of the appeal of Chinese laborers for redress and justice, and the shooting at the unarmed crowd upon the order of the British police inspector, were all done under the aegis, not only of the foreign settlement, but especially of extra-territoriality.

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[1] *State Papers,* Vol. XXX, pp. 398 ff.; *Questions for Readjustment Submitted by China to the Paris Peace Conference,* App. I, p. 35; Art. 13, Supplementary Treaty of Commerce, Oct. 8, 1843, abrogated by Art. I of the Treaty of June 26, 1858.

[2] *New Morning Post,* Peking, Aug. 30, 1929.

Foreign objections to extra-territoriality are none the less serious. Foreigners involved in a law suit in the interior of China cannot adjudicate the matter on the spot, but must bear burdensome delay, expense, and other inconveniences in extricating themselves from the clutches of their own law. Appeals from judgments of foreign courts cannot be passed to the superior or supreme court, but must be taken to courts beyond the territorial limits of China, which is not only unfair to Chinese, but sometimes very inconvenient for foreigners. Multiplicity of courts and diversity of laws being the inevitable consequences of the practice of extra-territorial courts, foreigners, no less than the Chinese, suffer from judicial uncertainty and disparity of judgment and punishment. The existence of extra-territoriality and the absence of extradition arrangements often render it impossible for the foreign Powers to bring to justice persons who move beyond the reach of the jurisdiction of the foreign courts of China. What is more, it being the policy of China not to open up her entire territory to foreign trade and commerce until the abolition of the system of extra-territoriality, foreigners, with the exception of missionaries and those engaged in philanthropic work, are not accorded the right to unlimited travel, trade, and residence in all parts of China, but are generally confined only to treaty or open ports.

The aspiration of the Chinese for the relinquishment of extra-territoriality, especially after the provisional elimination of the issue of tariff autonomy, has become pronounced and determined. As early as 1902, China made a move in this direction by obtaining consent to abrogate this special privilege, upon successful judicial reforms, to be undertaken by China, from Great Britain in the Treaty of September 5, 1902,[3] from the United States of America in the treaty of October 8, 1903,[4] from Japan in the Treaty of the same date,[5] from Portugal in the treaty (unratified) of November 11, 1904,[6] and subsequently from Sweden in the treaty of July 2, 1908,[7] and from Switzerland in the Treaty of June 13, 1918.[8] At the Paris Peace Conference, 1919, China submitted her request *inter alia* for the abrogation of extra-territoriality, which was not given a favorable consideration; but in consequence of the allied victory in the Great War, 1914–18, she succeeded in recovering extra-territoriality from Germany, Austria and Hungary and subsequently from Russia.

At the Washington Conference, 1921–1922, China again submitted her claim.[9]

In response to China's claim respecting radio stations, the Powers represented at the Conference decided that those legitimately maintained in China should limit their uses only to official messages, save in the case of the interruption of commercial radio stations, or in accordance with the terms of the concessions, but that those stations illegitimately established in China should be handed over to the Chinese Government with due compensation.[10] As regards the foreign post offices, the four Powers maintaining postal stations in China, to wit, the United States of America, France, Great Britain, and Japan, agreed to withdraw the same not later than January 1, 1923, save from the leased territories, or as otherwise specifically provided by treaty, on condition that China should maintain an efficient postal administration, and contemplate no change in the present postal administration so far as the status of the foreign (French) co-director was concerned.[11]

With reference to foreign armed forces including police and railway guards maintained in China without the authority of any treaty agreement, the Powers, other than China, express their willingness to withdraw such armed forces as soon as China could assume the protection of the lives and property of foreigners, and resolved to instruct their diplomatic representatives at Peking, whenever China should so request, to associate themselves with three representatives of China to conduct collectively a full and impartial inquiry relating thereto.[12]

With respect to extra-territorial jurisdiction, the Powers represented at the Washington Conference, other than China, willing to relinquish it as soon as judicial reforms of China should warrant so doing, authorised the establishment of an International Commission consisting of one representative from each of the

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[3] Hertslet, I, No. 28, 182, Art. XII.

[4] Hertslet, I, No. 100, 575, Art. XV.

[5] Hertslet, I, No. 66, 386-387, Art. XI.

[6] MacMurray, 1902/9, Art. XVI.

[7] MacMurray, 1908/11, Art. 10.

[8] MacMurray, 1918/8, in the attached Declaration of the same date.

[9] *Senate Document* 126, 67–2, pp. 475, 499, 504, 528, 503, 601, 505, 519, 548, 732, 480, 502, 572, etc.

[10] *Ibid.*, p. 123, 5th Plenary Session, Feb. 1, 1922.

[11] *Ibid.*, p. 115, 5th Plenary Session, Feb. 1, 1922.

[12] *Ibid.*, p. 116, 5th Plenary Session, Feb. 1, 1922.

Powers, signatory or acceding, to make necessary inquiries relating thereto and asked that China should appoint a representative to sit as a member of the Commission and afford facility for the successful accomplishment of its task.[13]

In pursuance of this decision of the Washington Conference, the International Commission on Extra-territoriality in China met in Peking, on January 12, 1926. The representatives of the thirteen Powers were present, to wit: The United States of America, Belgium, British Empire, China, France, Denmark, Italy, Japan, The Netherlands, Norway, Portugal, Spain, and Sweden; of which Denmark, Norway, Spain and Sweden were the Powers that acceded to the Washington Resolution. On September 16, 1926, the Commission rendered a joint report.[14]

In general, the Report is unfavorable to China's claim for the abolition of extra-territoriality. It virtually states that, as far as her claim for the relinquishment of extra-territorial jurisdiction is concerned, China is as yet found wanting. To put it in a more courteous way, as the Commission did, it renders the opinion that when the recommendations of the Commission shall have been reasonably complied with, the several Powers would be warranted in relinquishing their respective rights of extra-territoriality.

The leading criticisms of the Commission's Report with respect to Chinese law and judicial administration having been refuted in a previous data paper submitted to the Second Conference of the Institute, 1927,[15] an attempt will be made here only to mention the recommendations of the Commission which are bound to receive increasing attention in view of the recent diplomatic exchange of views relating to this question.

The recommendations of the Commission, constituting Part IV of the Report, follow:

> The commissioners, having completed their investigations and having made their findings of fact as set forth in Parts I, II, and III of this report, now make the following recommendations.
>
> The commissioners are of the opinion that, when these recommendations shall have been reasonably complied with, the several powers would be warranted in relinquishing their respective rights of extra-territoriality.
>
> It is understood that, upon the relinquishment of extra-territoriality, the nationals of the powers concerned will enjoy freedom of residence and trade and civil rights in all parts of China in accordance with the general practice in intercourse among nations and upon a fair and equitable basis.

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[13] *Ibid.*, p. 98, 4th Plenary Session, Dec. 10, 1921.

[14] The Chinese Delegate, Dr. Wang Chung-hui, in signing the report, made the statement: "By signing this report, my approval of all the statements contained in Parts I, II, and III is not to be implied."

[15] J. B. Condliffe (ed.), *Problems of the Pacific* (Chicago University Press, 1928), pp. 247-256.

[16] *Report of the Commission on Extraterritoriality in China,* Sept. 16, 1926 (Washington, Government Printing Office), pp. 107–109.

RECOMMENDATIONS

I

The administration of justice with respect to the civilian population in China must be entrusted to a judiciary which shall be effectively protected against any unwarranted interference by the executive or other branches of the Government, whether civil or military.

II

The Chinese Government should adopt the following program for the improvement of the existing legal, judicial and prison systems of China:

1. It should consider Parts II and III of this report relating to the laws and to the judicial, police, and prison systems, with a view to making such amendments and taking such actions as may be necessary to meet the observations there made.
2. It should complete and put into force the following laws:
   (1) Civil code.
   (2) Commercial code (including negotiable instruments law, maritime law and insurance law).
   (3) Revised criminal code.
   (4) Banking law.
   (5) Bankruptcy law.
   (6) Patent law.
   (7) Land expropriation law.
   (8) Law concerning notaries public.
3. It should establish and maintain a uniform system for the regular enactment, promulgation, and rescission of laws, so that there may be no uncertainty as to the laws of China.
4. It should extend the system of modern courts, modern prisons and modern detention-houses with a view to the elimination of the magistrates' courts and of the old-style prisons and detention-houses.
5. It should make adequate financial provision for the maintenance of courts, detention-houses and prisons and their personnel.

III

It is suggested that, prior to the reasonable compliance with all the recommendations above mentioned but after the principal items thereof have been carried out, the powers concerned, if so desired by the Chinese Government, might consider the abolition of extra-territoriality according to such a progressive scheme (whether geographical, partial, or otherwise) as may be agreed upon.

IV

Pending the abolition of extra-territoriality, the governments of the Powers concerned should consider Part I of this report with a view to meeting the observations there made and, with the cooperation of the Chinese Government wherever necessary, should make certain modifications in the existing systems and practice of extra-territoriality as follows.

1. Application of Chinese Laws

The powers concerned should administer, as far as practicable, in their extraterritorial or consular courts such laws and regulations of China as they may deem it proper to adopt.

2. MIXED CASES AND MIXED COURTS

As a general rule mixed cases between nationals of the Powers concerned as plaintiffs and persons under Chinese jurisdiction as defendants should be tried before the modern Chinese courts (Shen P'an T'ing) without the presence of a foreign assessor to watch the proceedings or otherwise participate. With regard to the existing special mixed courts, their organization and procedure should, as far as the special conditions in the settlements and concessions warrant, be brought more into accord with the organization and procedure of the modern Chinese judicial system. Lawyers who are nationals of extra-territorial powers and who are qualified to appear before the extra-territorial or consular courts should be permitted, subject to the laws and regulation governing Chinese lawyers, to represent clients, foreign or Chinese, in all mixed cases. No examination should be required as a qualification for practice in such cases.

3. NATIONALS OF EXTRA-TERRITORIAL POWERS

(a) The extra-territorial powers should correct certain abuses which have arisen through the extension of foreign protection to Chinese as well as to business and shipping interests the actual ownership of which is wholly or mainly Chinese.

(b) The extra-territorial powers which do not now require compulsory periodical registration of their nationals in China should make provision for such registration at definite intervals.

4. JUDICIAL ASSISTANCE

Necessary arrangements should be made in regard to judicial assistance (including *commissions rogatoires*) between the Chinese authorities and the authorities of the extra-territorial powers and between the authorities of the extra-territorial powers themselves, e.g.:

(a) All agreements between foreigners and persons under Chinese jurisdiction which provide for the settlement of civil matters by arbitration should be recognized, and the awards made in pursuance thereof should be enforced, by the extra-territorial or consular courts in the case of persons under their jurisdiction and by the Chinese courts in the case of persons under their jurisdiction, except when in the opinion of the competent court, the decision is contrary to public order or good morals.

(b) Satisfactory arrangements should be made between the Chinese Government and the powers concerned for the prompt execution of judgments, summonses and warrants of arrest or search, concerning persons under Chinese jurisdiction, duly issued by the Chinese courts and certified by the competent Chinese authorities and *vice versa*.

5. TAXATION

Pending the abolition of extra-territoriality, the nationals of the Powers concerned should be required to pay such taxes as may be prescribed in laws and regulations duly promulgated by the competent authorities of the Chinese government and recognized by the powers concerned as applicable to their nationals.

The essential features of these recommendations should be carefully noticed. Respecting the reforms she should undertake prior to the abolition of extra-territoriality, it is insisted that China should forthwith achieve the independence of the judiciary, the elimination of the magistrates' courts and other unsatisfactory features of her old police and prison systems, the extension of modern courts, modern prisons and modern detention-houses, the definite and regular adoption of legislation, the completion and enforcement of criminal, civil, and commercial codes, and the making of adequate financial provision for her judicial system. Relating to modifications in the existing systems and practice of extra-territoriality, it is urged that the extra-territorial powers should undertake the application of Chinese laws and regulations, the elimination of the foreign assessor in mixed cases, the bringing of mixed courts in settlements and concessions more in accord with the organisation and procedure of the modern Chinese judicial system including permission for foreign lawyers to practise in all mixed cases, the correction of abuses in the extension of foreign protection to Chinese, the periodical compulsory registration of extra-territorial nationals, and the ordering of payment of taxation by the extra-territorial nationals. With reference to mutual assistance in judicial administration, it is recommended that the authorities of China and those of the extra-territorial Powers on the one hand, and the extra-territorial Powers among themselves on the other, should make arrangements to recognise the validity of all agreements between foreigners and Chinese providing for the settlement of civil matters by arbitration, and to secure the prompt execution of judgments, summonses and warrants of arrest or search reciprocally in their respective spheres of jurisdiction. As a last condition for the relinquishment of extra-territoriality, the understanding is specifically stated that, upon and after the abolition, the nationals of the Powers concerned are to enjoy in all parts of China freedom of residence and trade and civil rights.

After the publication of the report, there was a relaxation in the efforts of the Chinese Government for the abolition of extra-territoriality, the Nationalists being then too much absorbed in a northward expedition against the old militarists. With the capture of Peking in June, 1928, by the Nationalist forces, and the apparent unification of the country, the Nationalist Government at Nanking moved again in the direction of the abrogation of the unequal treaties. The attention was focused on tariff autonomy which was deemed of paramount importance, eclipsing the extra-territoriality issue. In the process, however, of negotiating for tariff autonomy, the Nationalist Government at Nanking were able to conclude five treaties which provided not only for tariff autonomy but also for the conditional surrender of extra-territoriality.

The five treaties are the Sino-Belgian Treaty of November 22, Sino-Italian Treaty of November 27, Sino-Danish Treaty of December 12, Sino-Portuguese Treaty of December 19, and Sino-Spanish Treaty of December 27, 1928. In the annexes to these five treaties, it is definitely stated that these Powers concerned should relinquish their extra-territorial rights on January 1, 1930; but that before the said date, the Chinese Government should make detailed arrangements for the assumption of jurisdiction over the nationals of the Powers concerned; but that, failing such arrangement on the said date, the nationals of the Powers concerned should thereafter be amenable to Chinese laws and jurisdiction, in the case of the Belgian Treaty, as soon as the majority of the Powers now possessing extra-territorial privileges in China, and in the case of the Italian and other Treaties, as soon as all the Powers other than China which directly participated in the discussion of

Pacific and Far Eastern Questions at the Washington Conference,[17] shall have agreed to relinquish them. Meanwhile, in the same annexes the Chinese Government undertakes two important declarations: (1) on or before January 1, 1930, the civil code and the commercial code, in addition to other codes and laws now in force, will be duly promulgated; (2) when the nationals of these Powers concerned in China cease to enjoy the privileges of consular jurisdiction and other special privileges, and when the relations between the two countries are on a footing of perfect equality, the Chinese Government, in view of the fact that the Chinese citizens, subject to the limitations prescribed in the laws and regulations of the Powers concerned, enjoy the right to live and trade and to acquire property in any part of the territory of these Powers concerned, will grant the same rights in China to the nationals of these Powers concerned, subject to the limitations to be prescribed in its laws and regulations.

It is thus seen that in the annexes of these five treaties a definite date is set for the abolition of extra-territoriality,—namely, January 1, 1930,—just as January 1, 1929, was once set for the exercise of tariff autonomy, thus setting a goal for the Chinese Government to strive for, and that the promulgation of the civil code and commercial code is made obligatory before the date set above. It is, however, to be regretfully pointed out that in exchange for the surrender of extra-territoriality, the Chinese Government was compelled to open up the interior of China not only to foreign travel, residence and trade, but also to the acquisition of property including real estate. This condition is not found in previous Chinese treaties respecting extra-territoriality, nor is it conducive to the best preservation of Chinese soil,—a subject provisionally postponed for subsequent treatment in the latter part of this paper.

With these five treaties as a starting point, the Chinese Government made a bold drive on the other Powers interested for an early settlement of the question of extra-territoriality. To this effect, it sent on April 27, 1929, identic notes to the diplomatic representatives of the American, British and French Governments; and on the same date three other notes of substantially the same nature were dispatched to the diplomatic representatives of the Dutch, Norwegian and Brazilian Governments.

The text of the identic note follows:

> I have the honor to recall to Your Excellency that the Chinese Government, through its representatives, had had occasion to express at the Paris Peace Conference its strong desire for the removal of limitations on China's jurisdictional sovereignty imposed upon her by the old treaties concluded between China and the foreign Powers and that the Chinese Delegation emphatically reiterated the same desire at the Washington Conference, which placed on record its sympathetic disposition towards furthering the aspiration of China for the removal of restriction on her political, jurisdictional and administrative freedom of action.
>
> With the unification of China and the establishment upon a firm foundation of the

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[17] Namely, the United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands, and Portugal.

National Government, a new era has been happily inaugurated in the relations between our two countries through the conclusion of the recent tariff treaty, and it is to be confidently hoped that the material well-being of our two countries will henceforth be greatly enhanced. But it is the belief and the conviction of the Chinese Government that the promotion of such material well-being will be accelerated by a readjustment of the relations between our two countries on a basis of friendly equality in matters of jurisdiction, and if Your Excellency's Government could see its way to meet the wishes of the Chinese Government and people in this regard, it is certain that another obstacle to the full and frank co-operation in trade or otherwise, between the Chinese people and foreign nationals in this country would be happily removed and that the desire of the Chinese Government for promoting to the fullest extent the material interests of all who choose to associate themselves with our own people would find its early realization.

It goes without saying that extra-territoriality in China is a legacy of the old regime, which has not only ceased to be adaptable to the present-day conditions, but has become so detrimental to the smooth working of the judicial and administrative machinery of China that her progress as a member of the Family of Nations has been unnecessarily retarded. The inherent defects and inconveniences of the system of consular jurisdiction have been most clearly pointed out by the Chinese Government on various occasions and also by the jurists and publicists of other countries in their official utterances as well as in their academic discussions. It is a matter for sincere regret that, while many Governments which are playing an important role in international affairs are eager and persistent in their endeavor to promote genuine friendship and harmony among nations, such anachronistic practices as only tend to mar the friendly relations between the Chinese people and foreign nationals should be allowed to exist at a time when justice and equity are supposed to govern the relations of nations.

With the close contact between China and the foreign Powers, the assimilation of western legal conceptions by Chinese jurists and incorporation of western legal principles in Chinese jurisprudence have proceeded very rapidly. In addition to the numerous codes and laws now in force, the civil code and the commercial code have reached the final stage of preparation and will be ready for promulgation before January 1, 1930. Courts and prisons, along modern lines, have been established, and are being established, throughout the whole country.

Inasmuch as doubt has been entertained with regard to the advisability of relinquishing extra-territorial privileges at this juncture by the interested Powers, it may be pointed out that certain countries, having ceased to enjoy extra-territorial privileges in China, have found satisfaction in the protection given to their nationals by Chinese law and have had no cause for complaint that their interests have been in any way prejudiced. Your Excellency's Government may, therefore, rest assured that the legitimate rights and interests of your nationals will not be unfavorably affected in the least by the relinquishment of the exceptional privileges which they now possess.

As Your Excellency's Government has always maintained a friendly attitude towards China and has always shown its readiness in the adoption of measures for the removal of limitations on China's sovereignty, I am happy to express to Your Excellency, on behalf of the Chinese Government, the desire of China to have the restrictions on her jurisdictional sovereignty removed at the earliest possible date and confidently hope that Your Excellency's Government will take this desire of China into immediate and sympathetic consideration and favor me with an early reply so that steps may be taken to enable China, now unified and with a strong Central Government, to rightfully assume jurisdiction over all nationals within her domain.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.[18]

No comment on this note of the Chinese Government is necessary. It is a simple note asking for an early surrender of extra-territoriality with the general assurances of the promulgation of the civil code and the commercial code before January 1, 1930, the rapid extension of the modern courts and prisons throughout the country, and the adequate protection of the legitimate rights and interests of the foreign nationals concerned.

The replies of the Powers so approached deserve a closer study.

The American note of August 10, 1929, follows:

I have the honor to acknowledge the receipt of the Chinese Government's note of April 27th in which there is expressed the desire that the United States should relinquish the further exercise of extra-territorial jurisdiction over its citizens in China and the hope that the American Government will take this desire into immediate and sympathetic consideration.

I am directed by my Government to state that it is prepared to give sympathetic consideration to the desires expressed by the Chinese Government, giving at the same time, as it must, due consideration to the responsibilities which rest upon the Government of the United States in connection with the problem of jurisdiction over the persons and property of American citizens in China. My Government has, in fact, for some time past given constant and sympathetic consideration to the national aspirations of the people of China, and it has repeatedly given concrete evidence of its desire to promote the realization of these aspirations in so far as action of the United States may contribute to that result.

As long ago as the year 1903, in Article 15 of the treaty concluded in that year between the United States and China, the American Government agreed that it would be prepared to relinquish the jurisdiction which it exercised over its nationals in China "when satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations warrant it in so doing." As recently as last year, the American Government gave very definite evidence of its desire to promote the realization of China's aspirations by concluding with the Government of China, on July 25, 1928, a treaty by which the two countries agreed to the cancellation of provisions in earlier treaties whereby China's authority in reference to customs duties on goods imported into China by American nationals had been restricted.

The exercise by the United States of jurisdiction over its citizens in China had its genesis in early agreement that, because of differences between the customs of the two countries and peoples, and differences between their judicial systems, it would be wise to place upon the American Government the duty of extending to American nationals in China the restraints and the benefits of the system of jurisprudence to which they and their fellow nationals were accustomed in the United States.

My Government deems it proper at this point to remind the Government of China that this system of American jurisdiction as administered by the extra-territorial courts has never been extended by the United States beyond the purposes to which it was by the treaties originally limited. These purposes were lawful control and protection of the persons and property of American citizens who have established themselves in China in good faith in accordance with the terms of the treaties and with the knowledge and consent of China in the normal development of the commercial and cultural relations between the two countries. The United States has never sought to extend its sovereignty over any portion of the territory of China.

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[18] *Week in China,* May 11, 1929.

Under the provisions of the treaty of 1844 and other agreements concluded thereafter which established that system, American citizens have lived and have carried on their legitimate enterprises in China with benefit to the Chinese and to themselves. They have engaged extensively in cultural and in commercial enterprises involving large sums of money and extensive properties, and, as your Government has so graciously indicated in the note under acknowledgment, there has grown up and existed between the peoples and the Governments of the two countries a friendship that endured.

The American Government believes that this condition of affairs has been due in large part to the manner in which the relations between the two peoples have been regulated under the provisions of these agreements, the existence of which has assured to the lives and property of American citizens in China the security so necessary to their growth and development.

For the safety of life and property, the development and continuance of legitimate and beneficial business depend in the last resort, in China, as elsewhere, upon certainty of protection from injury or confiscation by a system of known law consistently interpreted and faithfully enforced by an independent judiciary. Where such protection fails, the life and liberty of the individual become subject to the constant threat of unlawful attack, while his property suffers the ever-present danger of confiscation in whole or in part through arbitrary administrative action. To exchange an assured and tried system of administration of justice, under which it is acknowledged that life and property have been protected and commerce has grown and prospered, for uncertainties in the absence of an adequate body of law and of an experienced and independent judiciary would be fraught with danger in both of the foregoing respects.

My Government has instructed me to say that the statement of the Minister of Foreign Affairs of China, telegraphed to the press of the United States on July 26th, to the effect that "all foreign interests in China purely for legitimate purposes will be duly respected" has been noted by it with pleasure as indicating that the Government of China has not failed to appreciate the value in its foreign relations of the factors above mentioned. My Government bids me to add that it is therefore persuaded that the Government of China will concur in its belief based as it is upon the facts set forth in succeeding paragraphs, that the sudden abolition of the system of protection by its extra-territorial courts in the face of conditions prevailing in China today would in effect expose the property of American citizens to danger of unlawful seizure and place in jeopardy the liberty of the persons of American citizens.

The Chinese Government has, on several occasions during recent years, expressed the desire that the Powers relinquish the exercise of extra-territorial jurisdiction over their citizens. In the note under acknowledgement reference is made to the position taken at the Washington Conference. It will be recalled that, in pursuance of the resolution adopted at that Conference, there was created a Commission to inquire into the present practice of extra-territorial jurisdiction in China and into the laws and the judicial system and the methods of judicial administration of China, and that, under date of September 16, 1926, the Commission made its report.

This report contained an account of the conditions then prevailing in the judicial system of China, as well as a number of recommendations carefully suggested as indicating the changes and improvements which would be necessary before there would be adequately developed a system of known law and an independent judiciary capable of justly controlling and protecting the lives and property of the citizens of foreign countries doing business in China. Your Government will recall that the Commission on Extra-territoriality which made these recommendations was composed of representatives from thirteen countries including both China and the United States and that its recommendations thoughtfully and reasonably conceived were unanimously adopted and were signed by all of the commissioners.

Because of its friendship for the Chinese people and its desire, to which allusion has been already made, to relinquish as soon as possible extra-territorial jurisdiction over its own citizens in China, my Government has followed with attentive consideration this entire subject, including particularly the progress which has been made in carrying out its recommendations since the rendition of this report.

It fully appreciates the efforts which are being made in China to assimilate those western judicial principles to which your Government has referred in its note, but it would be lacking in sincerity and candor, as well as disregardful of its obligations towards its own nationals, if it did not frankly point out that the recommendations aforesaid have not been substantially carried out and that there does not exist in China today a system of independent Chinese courts free from extraneous influence which is capable of adequately doing justice between Chinese and foreign litigants. My Government believes that not until these recommendations are fulfilled in far greater measure than is the case today will it be possible for American citizens safely to live and do business in China and for their property adequately to be protected without the intervention of the consular courts.

In conclusion, my Government has directed me to state that it observes with attentive and sympathetic interest the changes which are taking place in China. Animated as it is by the most friendly motives and wishing as far as lies within Government power to be helpful, the American Government would be ready, if the suggestion would meet with the approval of the Chinese Government, to participate in negotiations which would have as their object the devising of a method for the gradual relinquishment of extra-territorial rights, either as to designated territorial areas, or as to particular kinds of jurisdiction, or as to both, provided that such gradual relinquishment proceeds at the same time as steps are taken and improvements are achieved by the Chinese Government in the enactment and effective enforcement of its laws based on modern concepts of jurisprudence.

I avail myself of this opportunity to extend to Your Excellency the renewed assurance of my highest consideration.[19]

In essence, the American note pointed out two leading defects in the Chinese judicial system: first, the absence of an adequate body of known law, and, second, and what is more important, the lack of an experienced and independent judiciary free from extraneous influence. It further takes the stand that the recommendations as made by the International Commission on Extra-territoriality in China, particularly with reference to the independence of the judiciary, should be reasonably fulfilled, or, at least, in far greater measure than is the case today, before the American Government can feel safe to entrust the security of American life, liberty and property to the jurisdiction of the Chinese law and courts. It ends, however, with a friendly expression of readiness to participate in negotiations which would

[19] *Ibid.*, Aug. 31, 1929.

lead to the gradual relinquishment of extra-territorial rights, whether geographical, or jurisdictional, or both.

The British reply, also of August 10, 1929, is just as unfavorable, or even less favorable than the American. After tracing the historical *raison d'etre* of the extra-territorial system in China, it virtually set forth the opinion that, prior to, and, as a prerequisite of, the relinquishment of extra-territorial jurisdiction, "the western legal principles should be understood and be found acceptable by the people at large no less than by their rulers, and the courts which administer these laws should be free from interference and dictation at the hands not only of military chiefs but of groups and associations who either set up arbitrary and illegal tribunals of their own or attempt to use legal courts for the furtherance of political objects rather than for the administration of equal justice between Chinese and Chinese and between Chinese and foreigners."[20] What is more, it positively declined to entertain any request for an immediate abolition of the extra-territorial jurisdiction, but expressed willingness only to examine in collaboration with the Chinese Government the modifications that might be made in the existing system and practice of extra-territoriality as already set forth in the British declaration of December 18, 1926, and the British proposals of January 26 and 27, 1927.[21]

The French reply of the same date succinctly expresses the opinion that the fulfilment of the recommendations made in the Report of the International Commission of Extra-territoriality, September 16, 1926, is a necessary prerequisite to the renunciation of the extra-territorial jurisdiction.[22] The Dutch reply of the same date virtually echoed the sentiments and opinions of the American.[23] The Norwegian reply of August 14, 1929, simply states that Norway will be prepared to abolish extra-territoriality when all the other Powers will do so.[24]

With these replies, the Chinese Government did not feel satisfied. It issued a rejoinder on September 5, 1929; and, as a representative document, the Chinese rejoinder to the American reply is herewith reproduced.

> I have the honor to acknowledge the receipt of Your Excellency's Note of August 10th in which you are good enough to transmit to me the views of your Government in regard to the request of the Chinese Government, contained in my Note of April 27th, for the removal of restrictions on China's jurisdictional sovereignty.
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> The Chinese Government is pleased to be reminded by the American Government that it has, for some time past, given constant and sympathetic consideration to the national aspiration of the people of China and that it has repeatedly given concrete evidence of its desire to promote the realization of those aspirations. The traditional friendship between China and America has not only a common material basis, but is also deeply rooted in the idealism which is common to the Chinese and American people. The American people, with their love of liberty, their zeal for justice, their desire to

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[20] "British Answer on Extra-territoriality, Aug. 10, 1929." *Peking Leader*, Sept. 5, 1929.

[21] Bau, *China and World Peace*, pp. 57–67.

[22] *Week in China*, Sept. 14, 1929.

[23] *Ibid.*

[24] *Ibid.*

further the advance of civilization and their sympathy for the aspirations of nations in their spiritual rebirth, all of which reveal unmistakably the noble attitude of the American mind, have aroused the admiration and won the love of the Chinese people. This idealism has manifested itself in the abolition of slavery, the growth of democracy, and the endeavor to establish a reign of universal peace, which has given a new hope to the human race. It is this idealism that accounts for the steadfastness of the American Government and people in their friendship for China through all the vicissitudes of her fortune. It is again this idealism that has prompted the American Government to give sympathetic consideration to the desire of the Chinese Government in connection with the question of jurisdiction and to decide to enter into negotiations for the devising of a method leading to the eventual abolition of extra-territorial privileges.

It seems to me, however, from a careful consideration of your Note, that the American Government is not yet free from misgivings as to the safety of American life and property after the abolition of extra-territoriality. The American Government is undoubtedly aware of the fact that the liberty of American citizens and the security of their property rights do not so much depend upon the continued exercise of jurisdiction by their own consular courts, as upon the timely removal of hindrances to the free and full assertion of China's sovereign rights. Extra-territorial privileges, while apparently beneficial to foreigners in China in giving them the impression of security and safety, have really had the most injurious effect on their relations with the Chinese by producing in the latter the feeling of humiliation and the sense of resentment which have always caused mutual suspicion and the consequent loss of mutual confidence, thus undermining the very foundations of friendly relations and not infrequently giving rise to complications and conflicts. Such conflicts and complications could be easily avoided were there none of these special privileges. In this connection, it may be pointed out that towards nationals of certain countries who have lost their extra-territorial privileges and have submitted to the jurisdiction of China, the Chinese people entertain the most friendly feelings and repose in them great confidence, a valuable asset, it will be admitted, in the intercourse, commercial or otherwise, of any two peoples. Such marked difference in the relations between the Chinese and the nationals of extra-territorial Powers on the one hand and those between the Chinese and the nationals of non-extra-territorial Powers on the other, as long as the extra-territorial system is retained, become more and more pronounced, and much as the Chinese Government may try to dicountenance this difference of attitude on the part of its nationals, it will not be within its power to control the natural expression of their feelings.

In the event, however, of American citizens relinquishing their extra-territorial privileges, they may rest assured that they will enjoy the same confidence of the Chinese people and hence the same material benefit as the nationals of non-extra-territorial Powers. Moreover, the Chinese Government will continue to exercise, in accordance with the well-established principles of international law, due diligence in preventing any possible violations of the private rights of American citizens, and perform its duty in the fullest possible measure in all matters relating to the redress of wrongs.

In your Note under acknowledgement reference is made to the Report of the Commission on Extra-territoriality submitted to the interested Governments, pursuant to a resolution adopted at the Washington Conference. The American Government must be aware of the fact that since the completion of the Report, conditions in China have greatly changed, and in particular, both the political and judicial systems have assumed a new aspect. To pass judgment on the present state of laws and judicial administration in China in the light of what is contained in the Report of 1926 is doing no justice to the steadfast policy of the National Government.

At this point, it may be worth while to recall the circumstances under which the American Government renounced its rights under the Capitulations with Turkey. The Chinese judicial system, it will be admitted, does not suffer the least in comparison with that of Turkey at the time of the abolition of the Capitulations. And yet the American Government, realizing that the Turkish people with legitimate aspirations and under the guidance of a new and strong government could accomplish great things in a short space of time, had the wisdom and foresight to relinquish its special privileges similar to those enjoyed hitherto by its nationals in China, and has had the satisfaction of finding that the life and property of American citizens in Turkey have subsequently received full and adequate protection. The American Government, which did full justice to the Turkish people in the matter of jurisdiction without any apprehensions and with satisfactory results, will no doubt solve the problem of extra-territoriality in China in the same friendly and sympathetic spirit.

It has been brought to the knowledge of the American Government that the Chinese Government has recently concluded treaties with several other Powers which have agreed to relinquish extra-territorial privileges on January 1st, 1930. If it had appeared to the Governments of those Powers as it appears to the American Government, that there did not yet exist in this country a judiciary capable of rendering justice to their nationals and a body of laws adequate to give protection to their lives and property, they would certainly have refused to give up their privileged position and enter into the engagements they have made. Now that many of the Powers which participated in the discussions of extra-territoriality at the Washington Conference have already shown by an overt act that that system has outlived its usefulness and should be replaced by one in harmony with the actual state of things, there is no reason why the United States, upon which fell the honor of initiating the labours of that Conference, should not act in unison with those Powers, thus removing the difficulty which the Chinese Government might otherwise encounter in extending jurisdiction over all foreign nationals.

It is the hope of the Chinese Government that whatever misgivings and apprehensions the American Government may have in considering the subject under discussion will be now dispelled, and that, in the further examination of this subject, it will be actuated by much weighter considerations, namely, the enhancement of friendship between the Chinese and the American people, and hence the promotion of the material interests of both. It is with this last object in view that the Chinese Government now requests the American Government to enter into immediate discussions with the authorized representatives of the Chinese Government for making the necessary arrangements whereby extra-territoriality in China will be abolished to the mutual satisfaction of both Governments.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.[25]

In essence, the Chinese rejoinder appeals to American idealism and to the further enhancement of friendship and material interest through an early relinquishment of extra-territoriality. It points out the mistake of the Powers in judging the conditions of Chinese law and judicial administration in light of the 1926 Report, as since then and under the new regime, the political and judicial systems of China have assumed a new aspect. It pleads that inasmuch as she found it fit and proper to surrender the Capitulations in Turkey, and as the Chinese judicial system does not suffer in comparison with that of Turkey at the time of the abolition, America should be as generous with China as she was with Turkey. It further reminds her that inasmuch as the several Powers which have agreed to surrender extra-territoriality on January 1, 1930, feel it safe to entrust their nationals to the care of the Chinese jurisdiction, she can likewise feel assured of the same security.

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[25] *Peking Leader,* Sept. 13, 1929; *Week in China,* Sept. 14, 1929.

The rejoinder to the French reply, dated September 7, 1929, conveys approximately the same ideas as those expressed in the second note to the United States of America.

Thus the question stands. On the part of the Chinese Government, it is bent on securing an immediate abrogation of extra-territoriality,—preferably by January 1, 1930, the date set in the five aforesaid treaties. On the part of the several Powers in question, their Governments are not disposed to entertain the Chinese request until and save for the reasonable fulfilment of the recommendations of the 1926 Report, particularly with reference to the establishment and maintenance of an independent judiciary. The issue of the discussion then is whether an independent judiciary is a *sine qua non* to the relinquishment of extra-territoriality, and, if so, whether China has an independent judiciary,—a question to be dealt with subsequently.

This being the issue, it is probably best to turn our attention to a brief observation of the present Chinese law and judicial administration.

In accordance with the organic law of the National Government of China at Nanking, promulgated on October 4, 1928,[26] a bill of legislation can be introduced in the Legislative Yuan or department by any of the five Yuan into which the National Government is divided, namely, the Executive Yuan,[27] the Judicial Yuan,[28] the Examination Yuan,[29] the Control Yuan,[30] and the Legislative Yuan itself. The Legislative Yuan is composed of 49-99 members appointed by the National Government at the instance of the President of the said Yuan and holding office for a term of two years.[31] A bill in order to pass has to secure the majority vote of those present, one-third of the entire membership constituting the quorum for business.[32] All bills and resolutions passed by the Legislative Yuan shall be further decided upon by the State Council[33] composed of the President of the National Government and from twelve to sixteen state councillors, in whom are reposed the supreme governing powers of the state.[34] The promulgation of all laws and the issuance of all mandates by virtue of a decision of the State Council shall be signed by the President of the National Government and counter-signed by the Presidents of the five Yuan.[35] And because of the successful assertion of the authority of the Central Government, the enactment, promulgation and rescission of legislation has become more and more definite and certain.

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[26] *Organic Law of the National Government of the Republic of China,* published by the Nanking Government; *Chinese Laws and Regulations Now in Force* (in Chinese), Commercial Press.

[27] Art. 20.

[28] Art. 35.

[29] Art. 39.

[30] Art. 46.

[31] Arts. 27 and 28.

[32] Arts. 18 and 19, "The Organization Law of the Legislative Yuan," promulgated on Oct. 20, 1928.

[33] Art. 31.

The completion and promulgation of the codes are now well on the way. All substantive and procedural laws hitherto in force, states the mandate of August 12, 1927,[36] not in conflict with the principles and platforms of the Kuomintang Party or express mandates of the National Government, shall remain, prior to the promulgation of new laws, provisionally in force. The Revised Criminal Code was promulgated on March 10, 1928; the Revised Criminal Procedure Code on July 28, 1928. The Civic Code and the Commercial Code, which, according to the aforesaid five treaties, are to be promulgated before January 1, 1930, are to be combined into a single code by virtue of a decision of the State Council on June 4, 1929.[37] The General Provisions of the Civil Code were promulgated on May 25, 1929.[38] The other parts, now in the rapid process of codification, will be completed in the course of this year; the part on Procedure by July, on Obligation by August, on Property by October. The remaining two parts, Family and Succession, will probably not be ready before the end of the year, for they are not indispensable for the conclusion of arrangements regarding the relinquishment of extra-territoriality. The other special laws on Labor, Landownership, Local Autonomy, Corporation, Insurance, Marine, Bills of Exchange and Bankruptcy, are all in the process of codification and will be ready for adoption and promulgation before January 1, 1930. Thus an adequate body of known laws is bound to come into existence and in force before the end of this year.

Modern courts and modern prisoners are rapidly spreading to all parts of the country. In 1926 the Report of the International Commission on Extra-territoriality stated that China had then only some 150 modern courts, which were, however, found to be satisfactory. In 1929, the Chinese Government reported that there were already in existence some 350 modern courts,—an increase of more than 230 per cent. The Province of Kwantung leads with practically a modern court for each town or hsien. The Province of Shantung also also makes a good showing in the number of modern courts. In the Province of Chekiang, there is a plan on foot to spread the modern courts to all the towns or hsiens within a short period of three years starting from 1929. The other provinces are also making strenuous efforts toward a wide-spread establishment and maintenance of modern courts.[39] Modern prisons, however, on account of the heavy outlay in construction, do not grow in number as rapidly as modern courts. In 1926, the Report of the International Commission on Extra-territoriality announced the existence of 74 modern prisons. In 1929, the Government reported the existence of 87 modern prisons, —an increase of 13,—with some 200 more to be established in the near future.[40] Thus it is clear that the movement is fast spreading to extend the system of modern courts and modern prisons with a view to eliminating the old unsatisfactory magistrates' courts and the old-style prisons and detention houses.

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[34] Art. 6.

[35] Art. 13.

[36] *Report of the Judicial Yuan Relating to Its Important Work Covering the Period of Three Months from Nov. 16, 1928, to Feb. 16, 1929* (in Chinese).

[37] Statement supplied by the Secretariat of the Legislative Yuan.

[38] *Ibid.*

[39] *Syllabus on Extra-territoriality in China*, App. II.

We have so far seen the rosy side of Chinese law and judicial administration. That is, we have so far observed that all the recommendations of the 1926 Report relating to the definite and regular adoption and enforcement of legislation, and an adequate body of known laws, and the extension of modern courts and modern prisons, have all been reasonably fulfilled. But when we turn to the independence of the judiciary, we see a different aspect of this whole question.

It is a cardinal principle of constitutional government that the security of life, liberty and property can be obtained only through the system of the independence of the judiciary. The sufferings of the English under the courts with the interference from the royal or executive authority and the precious discovery and contribution they made to mankind as a consequence of their constitutional struggle have made this doctrine of judicial independence an inviolable rule in the science of government. And the device they found to be efficacious in the maintenance of an independent judiciary is nothing more than the provision of adequate safeguards for judges so that the latter can perform their functions in the light of their best judgment and conscience without extraneous interference from the executive: namely, permanent tenure during good behavior, non-transference save by due process of law, and non-reduction of compensation.

Whether China today has achieved judicial independence the rejoinder of the Chinese Government dated September 5, 1929, even dared not answer. The Judicial Yuan claims that there is judicial independence already in existence today. The Regulations governing the Organisation and Administration of Courts, promulgated on June 20, 1905, and revised on February 2, 1906, which are still in force,[41] stipulated the judicial safeguards: "The Ministry of Justice shall not, by an arbitrary order, dismiss judges and procurators, nor reduce their compensation, nor transfer their post, nor stop their function."

Recently the National Government at Nanking instituted a High Commission composed mainly of the judges of the Supreme Court to attend to the trial of judges and the enforcement of the judicial safeguards. Hence, as far as the law and the judiciary are concerned, the claim of the existence of judicial independence can be substantiated.

Yet, on the other hand, what seems to invalidate the claim of judicial independence is the extraneous interference,—coming probably from the executive or persons in power; and what makes this extraneous interference possible is the absence or suppression of any opposition. In a well organised constitutional democracy, the function of the opposition, aside from a strict supervision of governmental finance, the keeping of the majority party in cohesion, and the provision of an immediate substitute in case of the fall of the administration, is to hold the persons in power to strict adherence to the constitution and laws of the country, including the rigid observation of the laws governing the judicial safeguards; and any violation of constitution or laws will be immediately seized by the opposition as a battle cry for the overthrow of the administration. In China today, however, the adoption of the Russian Soviet system of party dictatorship or one party rule discountenancing and suppressing the rise of any second or opposition party has made the existence, or, at least the exercise, of the proper functions of an opposition party well-nigh impossible. This condition of affairs relieves the persons in power of any restraint or check exercised by the opposition and encourages them to interpret the limits of law according to their own wishes, and results sometimes in the confiscation of property and restriction of liberty of political opponents and the suppression of any opposition, or, what is commonly known as anti-revolutionary or revolutionary tendencies or opinions.

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[40] *Ibid.*

[41] *Encyclopedia of Chinese Laws and Regulations* (in Chinese), 1924. "Regulations Governing the Organization and Administration of Courts," Art. 125, p. 789.

Under such a condition, what security of life, liberty, and property one can obtain covers necessarily only the civil liberty or rights. A Chinese can resort to court for the vindication of what ordinarily comes within the field of civil rights. An alien without extra-territoriality is even given a favored privilege of being exempt from the jurisdiction of the military, police, and magistrate tribunals, and subject exclusively to that of the modern courts.[42] But, as to political liberty, it is sad and yet safe to state that it is very much circumscribed.

Such being the condition, the question recurs: whether the Powers interested would feel warranted in relinquishing extra-territoriality in China. On the part of the Chinese authorities, it is contended that aliens in coming to China should cast their lot with the Chinese and accept their conditions of life; and that, inasmuch as aliens are engaged mainly in commercial and cultural enterprises and not supposed to participate in politics, they should be satisfied with a reasonable amount of the security of civil rights. It is further contended that the system of party dictatorship is to last only for this period of political tutelage which is now fixed for the short span of six years starting from this year, and that, as soon as this period of political tutelage is over, the regime of full constitutionalism and free party rivalry will come into existence, and, with it, political liberty. It is again maintained that even during this period of political tutelage the establishment of an effective Control Yuan attending to the functions of auditing and impeachment is sufficient to take the place of the opposition and to perform the same functions thereof. On the part of the Powers interested it is maintained that they would not exchange the certainty of security as obtainable under the present system of extra-territoriality for the uncertainties they are liable to incur under the present conditions in China, and that unless a reasonable amount of security of life, liberty and property should be guaranteed, as would be the case with the fulfilment of the Recommendations of the 1926 Report, they would not feel warranted in relinquishing their extra-territorial jurisdiction in China. The solution of this question yet awaits the decisions of the peoples involved and the wisdom of the statesmen in authority.

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[42] The Revised Regulations Governing the Trial of Non-extra-territorial Nationals in Civil and Criminal Cases," promulgated Nov. 25, 1926, *Supplement, Chinese Social and Political Review*, Jan., 1927, Art. 2; Bau, *China and World Peace*, App. XII, p. 193.

The other vital problem in relation to the relinquishment of extra-territoriality in China is the acquisition of property in all parts of China after the abolition of this exceptional privilege. The aforesaid five treaties, as we have seen, grant this right. There is, however, a loud and intense opposition on the part of the Chinese people. The grant of this privilege by treaty stipulation exceeds the usual practice in international intercourse and relations. The general practice covers only the right to travel, reside, trade and undertake industry; the right to acquire property, especially for agricultural purposes, is left to domestic legislation of each state. In the Sino-German Agreement of May 20, 1921,[43] in exchange for the relinquishment of the German extra-territorial jurisdiction, China granted only the right to travel, reside, trade and undertake industry, and this reciprocally and limited only to where the nationals of a third state are permitted to go, without the mention of the right of the acquisition of property in all parts of China.

> The nationals of one of the two Republics residing in the territory of the other shall have the right, in conformity with the laws and regulations of the country, to travel, to reside, and to engage in commerce or industry in all the places where the nationals of another nation are allowed to do so.[44]

The Recommendations of the 1926 Report likewise cover only the enjoyment of the right of travel, residence, trade, and civil rights in all parts of China and fail to mention the right of acquisition of property:

> It is understood that, upon the relinquishment of extra-territoriality, the nationals of the Powers concerned will enjoy freedom of residence and trade and civil rights in all parts of China in accordance with the general practice in intercourse among nations and upon a fair and equitable basis.[45]

It is then clearly shown that, in granting this right of the acquisition of property in all parts of China, the Chinese Ministry of Foreign Affairs has exceeded the bounds of necessity

What is worse, the grant of this special right opens up a grave danger in regard to the preservation of the integrity of the Chinese soil. The Chinese standard of living being low and the price of real estate being cheap, the Powers with ambitions of economic domination and political and territorial aggrandisement can at once utilise this special privilege by buying up real estate in China.. This danger is especially pronounced in the region of South Manchuria and Eastern Inner Mongolia, where Japan still entertains the ambition of at least economic exploitation, if not political and territorial aggrandisement.

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[43] *China Year Book* (1921–1922), p. 738.

[44] Art. 3.

[45] *Report of the Commission on Extra-territoriality in China*, p. 107.

The Chinese Ministry of Foreign Affairs contends that such a danger can be obviated by the prescription of Chinese laws which can regulate such acquisition of property and also by the requirement that the exercise of this right will have to await the placing of China's foreign relations with the several Powers concerned on a footing of perfect equality. But such a measure at best is a cure after the occurrence of a disease and not a prevention before its advent.

The procedure of securing an early relinquishment of extra-territoriality in China remains to be touched upon. There are altogether three main ways (1) negotiation with the Powers concerned individually which was the way Japan employed in 1894–1899; (2) negotiation with the Powers concerned collectively and simultaneously by means of conference, which was the way Turkey adopted in the Lausanne Conference of 1922–1923, though preceded by the extraordinary measure of unilateral termination of the Capitulations at the outbreak of the World War; and (3) dispatch of special envoys abroad to negotiate at the foreign capitals concerned, which was the method Siam resorted to in 1924–1926. Of the three modes of procedure, the Chinese Government may use any or all, depending upon the efficacy of each method.

One more question now remains for us to see, that is, the arrangement for the assumption of Chinese jurisdiction over the nationals of the Powers concerned upon or pending the surrender of extra-territoriality. To this end, the proposal made which received the support of a considerable number of the members of the last Conference at Honolulu, 1927, is herewith, with some additions, again submitted for consideration:

1. That the complete relinquishment of extra-territoriality should be stipulated in a new treaty between China and the Powers concerned, separately or collectively.
2. That by an exchange of notes between China and the Powers the following transitional system for the trial of foreigners shall then be established:
    - (a) Foreigners should come exclusively under the jurisdiction of Chinese modern courts, which means exemption from magistrates, police and military courts.
    - (b) Five Special Benches should be established in the existing courts at Peking, Shanghai, Hankow, Canton, and Chungking for the trial of foreigners.
    - (c) These modern courts and Special Benches should be the courts of first instance for the trial of foreigners.
    - (d) There should be a court of appeal at Shanghai.
    - (e) There should also be a Special Bench for the consideration of such cases in the Supreme Court of China.
    - (f) Foreign lawyers subject to regulations should be admitted to practice in these courts.
    - (g) Interpreters should be attached to these courts.
    - (h) Certain foreign legal advisors might be appointed by the Chinese Government to the above mentioned Special Benches to help in matters of foreign jurisdiction (their function being entirely advisory).
3. That the Chinese Government, by a unilateral declaration, should adopt the following judicial guarantees:
    - (a) That judicial warrant for arrest should be adopted except in cases of "*flagrantis delicti*".

   (b) That the writ of habeas corpus should be applied.
   (c) That publicity of trials and hearings should be observed.
4. That the Chinese Government, by a unilateral declaration, should adopt the system of the independence of the judiciary by the provision of the following safeguards:
   (a) Permanent tenure during good behavior.
   (b) Non-transference of post except by due process of law.
   (c) Non-reduction of compensation.
5. That, upon the relinquishment of extra-territoriality, the nationals of the Powers concerned shall enjoy freedom of residence and trade and civil rights in all parts of China in accordance with the general practice in international intercourse among nations.[46]

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[46] Bau, *Op. cit.*, p. 103.

VI

EXTRA-TERRITORIALITY IN CHINA

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STATEMENT OF THE PROBLEM

The question of extra-territoriality in China is a two-fold one; it is both political and juristic. On the one hand it has to do with the assertion of national sovereignty; on the other with provisions for safeguarding rights and administering justice.

The *impasse* at which negotiations stand at present is largely due to the fact that, while China puts its emphasis upon the political aspects of the problem, the other Powers make the juristic element the center of their concern.

This difference in the point of approach is, therefore, the first problem to consider. If it can be shown that a juristic settlement satisfactory to the other Powers can be reached along lines which do not call for extra-territoriality in the political sense, a solution should be possible.

The question is, therefore, to find some way by which the juristic claims of the Western Powers can be established within the framework of the Chinese political system.

THE POLITICAL QUESTION: CHINA'S POINT OF VIEW

The point of view of China has been placed before the world with such clarity and force in recent years that it need only be summarized in a few words. The establishment of extra-territoriality remains in the eyes of the Chinese a part of the history of European penetration into Asia which was imposed by force and remained a symbol of surrender. So far as political relations went, there was no *quid pro quo* for the concessions granted by Chinese to foreigners. No European country granted to the Chinese any similar concessions either territorial or juristic. The statement that China gained economic advantages from the presence of the Europeans does not get rid of this political inequality in the situation. Political extra-territoriality was a one-sided arrangement derogatory to the sovereignty of China.

Historically, there were some occasions when this intrusion of foreign political claims in China might even indicate a still greater danger to the unity of the nation. The carving out of concessions which turned some sections of Chinese soil over to foreign Powers was in Chinese eyes something more than a gross disregard of Chinese political rights; it was part of a process which if permitted to continue might even imply either the partition of China by the occupying governments or its subjection to some kind of foreign protectorate. Although these dangers to Chinese sovereignty may have been exaggerted in apprehensive minds, nevertheless the memory of the period of foreign aggression is still fresh in the mind of the older generation of Chinese, and the younger statesmen of today who are building a modern nation out of China cannot but be mindful of these historic facts.

Extra-territoriality therefore remains in the political consciousness of China as a heritage from the time when its very independence was menaced by a process of European political penetration. It bears the mark of the invasion of Chinese sovereignty. In view of the way in which it came about and of certain chapters of political history since, no one can blame China for putting the accent on this political aspect of the problem.

So far as China is concerned, it is clear therefore that there is no solution to this problem which is not a complete elimination of extra-territorial rights in China. Moreover nationalist China, cherishing as it does a political mission and therefore bound under the circumstances to emphasize political issues all the more, cannot agree to a continued postponement or an indefinite settlement of this question. With the triumph of the Republic, it was inevitable that a time limit would be set within which China would demand that the other Powers find the way to carry out the relinquishment by them of extra-territorial rights. According to the Chinese declaration this time limit ends at the close of the present year. The year 1930 is to begin a new era without a trace of the humiliation of institutions of foreign sovereignty on Chinese soil.

This Chinese assertion of freedom from extra-territorial invasion is accepted in principle by the other Powers. They, nevertheless, point out that from their point of view the rights acquired in China are not so much political as juristic. Their concern is with the protection of life and property and the guarantee of due process of law according to systems of jurisprudence applicable to the business affairs in which their citizens are engaged.

Thus while China emphasizes the political aspect of the problem in the way indicated above, the other Powers with which China is dealing have in mind an entirely different problem.

THE JURISTIC QUESTION: THE POINTS OF VIEW OF THE OTHER POWERS

Whatever may have happened in the past, whatever the aims of certain individual foreign statesmen may have been, however lightly Chinese sovereignty may have been treated in foreign diplomacy, the only concern at present on the part of any foreign government is juristic, not political. The protestations which all the Powers have made against any interpretation of their extra-territorial claims in China as indicating a present desire to lessen Chinese sovereignty are sincere, even when accompanied by the apparent contradiction of a refusal to yield at once to Chinese terms. Great Britain and the United States, both of which refuse to yield their extra-territorial claims at the present time, have, on the other hand, repeatedly stated their political sympathy with the aspirations of a republican and united China, and these protestations are a true reflex of the public opinion of both countries. Nevertheless, they refuse to yield their citizens in China to the procedure of Chinese courts or to surrender the rights and privileges under which their business affairs have been built up in these localities where China has permitted extra-territorial conditions. This refusal to surrender has no bearing upon imperialistic policies. It is based upon juristic and not upon political grounds. It has to do with rights of property and person, with the dealings of private citizens and with facts that lie within the realm of private not of public law.

Both Great Britain and the United States have definitely stated that it is the juristic aspect of the problem which alone prevents their acceptance of the demand of China that they surrender extra-territorial rights. Great Britain still rests its case substantially on the terms set forth by it on the fifth of September, 1902, when it stated that it would give up extra-territoriality "when the state of Chinese laws and the arrangement for their administration warrants us in so doing."

The United States on the eighth of October, 1903, concluded a similar treaty in substantially the same terms and still rests its case on the same conditions. These conditions, it will be noted, are two: in the first place there must be a modern system of laws and, in the second place, there must be satisfactory administration of justice.

These treaties were made the basis of action by the Washington Conference of 1921 when it called into existence an international commission to study the question of Chinese extra-territoriality and recommend specific proposals for a juristic reform in China upon the completion of which the Powers would relinquish their extra-territorial claims. The terms of reference of this commission show clearly the preoccupation of the Western Powers. It was to

> inquire into the present practice of extra-territorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China, with a view to reporting to the Government of the several Powers above-named their findings of fact in regard to those matters, and their recommendations as to such means as they may find suitable to improve the existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing either progressively or otherwise, their respective rights of extra-territoriality.

The work of this commission was unfortunately interfered with by political disorders in China. The civil wars of the period of revolution were not yet over and the commission was therefore obliged to bring its labors to a close under conditions which did not promise practical fulfilment of its recommendations. Nevertheless its report, issued in Peking on September 15, 1926, is the one detailed authoritative statement of the case of the Powers. It is, therefore, of the utmost importance to note the recommendations of this commission as furnishing a program for the juristic reform which the Powers had consistently and repeatedly stated to be their single concern in the maintenance of extra-territoriality. These recommendations are stated in full in the data paper presented by Professor Bau entitled "The Relinquishment of Extra-territoriality in China."

CHINA'S EFFORTS TO MEET THE JURISTIC CLAIMS

China, upon its part, had acted upon the treaties of 1902 and 1903 almost immediately. Its various efforts are summarized in the following terms in the preface to the English translation of the Civil Code.

In pursuance of the reform policy Prince Tsai Chen, Yuan Shih-kai and Wu Ting-fang were appointed Imperial Commissioners to compile a code of commercial laws, and in 1904 they submitted a draft on general law regarding merchants and another on company law. Drafts were also drawn up regarding trade-marks and mining. In 1906 a "Code of Civil and Criminal Procedure for the Chinese Empire" was prepared. On 30th March, 1912, the first modern Chinese Criminal Code was enacted. The making of the Civil Code, however, proved to be a much more formidable task. There were no less than nine attempts to make the Civil Code; but none ever went beyond the drafting stage.*

These measures of reform and codification of the old régime were taken over and continued by the authorities of the Republic. And the composite picture which the Report on Extra-territoriality presents indicates a condition at once hopeful and discouraging, hopeful because of the open minded way in which Chinese jurists set about their tasks of modernizing their ancient system but discouraging from the fact that existing law and custom in China seemed so deeply enrooted as not to yield quickly to the process of juristic rationalization.

The difficulties in the situation were well set forth by the President of the Supreme Court himself, in the foreword to the first edition of the "Supreme Court Decisions," of which an English translation was published in Peking in 1923, along with the English translation of "The Provisional Criminal Code of the Republic of China." The citation in question runs as follows:

> In the days of the old régime, civil cases were decided by a method more like arbitration than a judicial process; for except the law of succession and marriage, there was hardly any law to go by; while in criminal cases decisions could be based on analogy and the judge was even allowed to make punishable an act which in his opinion should not have been done, though it had not expressly been made an offense by law.

After this characterization of the ancient ways and customs of China, the President of the Supreme Court goes on to say that "since the establishment of the Republic, however, the Supreme Court strictly abides by the law." But since the law is incomplete and imperfect, it is often necessary to proceed having in mind both "the special conditions of the country as well as legal principles." The bearing of this remark will become all the clearer from the following comment concerning civil law made by the translator of the "Supreme Court Decisions."

> . . . what is contained in the following pages, so far as they relate to civil matters, is sometimes the only concrete rules by which judges are guided in their decisions, and it is a body of rules in fact repeatedly applied—in other words it forms the unwritten law of China in the juridical sense of the term. This unwritten law of China is only of recent growth; for it is a product of the Republic, which has not yet reached its teens. In some ways it is also the first of its kind. Case law was not unknown in China; it figured prominently in the late Code; but it related to facts rather than principles and mostly concerned crimes, civil cases being always relegated to the background. The explanation is simple. The institution of the judicial officer as distinct from the administrative is comparatively a modern idea in China, probably because there was not much need for him. Punishment of the criminal could be accomplished incidentally to the exercise of administrative functions, while the State took little interest in civil disputes. The people,

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* "The Civil Code of the Republic of China," Book I, Preface, p. ii.

too, did not like to go to law, partly because they had little confidence in the law, which "to their eyes her ample page . . . did ne'er unroll," and partly, perhaps, because they doubted the advisability of entrusting the settlement of their disputes to men who were not their peers. Their disputes were often settled in the chapels or temples in the case of country folk, and in the chambers of commerce or guilds in the case of city men. In this respect, paradoxical though it seems, a sort of "Government of the people by the people for the people" existed in monarchical China.

A comparison of these conditions with those of the West is likely to be misleading unless one has a knowledge of how effectively the old social system of China met the needs of those born and raised under it; of how the honor of the family worked to secure honesty and fair dealing through intimate ties instead of by public and institutional methods. The honor of the family and its good name in the community did for the Chinese most of what courts and the law sought to achieve in the Western world. It would, therefore, be a fundamental misunderstanding of the situation to imagine that the lack of Western institutions in China argued a lack of the sense of justice or its application. A caution against this line of thinking was well expressed by Minister Reinsch in an address before the Bar Association of Shanghai in 1915, as follows:

> When we come to discuss the ideal of justice and law, we realize the enormous divergence that originally separated Chinese methods of thought and public action from those of the West. This is strange, as reasoning is the same everywhere and, as we know, the Chinese abound in rational good sense. The divergence is one due rather to social structure than to individual reason.
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> Undoubtedly, a highly developed sense of justice is one of the chief characteristics of the Chinese race. In the past, however, it has found its expression more in general social judgments, rewards and punishments than in the formal and specific action of courts. Men were restrained from evil, not by formal prohibitions and penalties, but by the force of universal social opposition to the evil-doer; also, men relied for the maintenance of their rights of property and contract not upon the arm of the law and the sentence of the judge, but upon the unfailing general observance of contractual promises and the universal abhorrence and ostracism which met a man who broke his word. Under such conditions, while the average of just conduct was exceedingly high, there was, of course, a chance for cruel individual injustices and social tyrannies; especially when motives of economic subsistence conflicted with the feelings and happiness of weaker individuals.
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> With us justice is formalized; we have inherited from the Romans and developed systems of definite principles expressed in words under which our conduct is judged by definite tribunals. This is what we understand by the "Majesty of the Law"; it is a majesty which has an almost terrifying effect not only on culprits, but upon editors and even upon younger members of the profession. In the Far East "The Majesty of the Law" is felt only under the aspect of immemorial and almost sacred customs. Under the old system the moral and legal loyalty was all to individuals, to the family, the village, the business associate; under the new system, the allegiance is to a national sovereign and to an ideal of justice enforced by it. The transfer of the old moral values from the personal to the impersonal relationship constitutes the fundamental problem in Chinese legal and judicial reform.

This caution against a superficial judgment upon Chinese ancient ways and customs should be kept in mind in connection with the demands for a legal reform.

To expect about one-fourth of the human race to change their conception of obligations over night or to repose their guarantee of good conduct in new and inexperienced institutions instead of in the tried disciplines of family and guild control is to demand an unreal situation. The system of the West cannot in the nature of things blot out four thousand years of Chinese customs and substitute for living forces the abstract impersonality of foreign law.

Nevertheless, the foreign residents in China have had no share in this great past and little understanding of the way it still operates in the Chinese mind. Their conceptions of justice are not at bottom different from those of the Chinese but their methods of administering it and their ideas of the instruments to guarantee it are entirely different. Extra-territoriality is now at bottom the name for this divergence of attitudes as to the way for securing what both China and the Powers equally desire, namely, fair dealing between citizens as well as between governments.

Difficult and baffling as the task of reconciling the two systems may seem, nevertheless, Chinese jurists have set about completing the formal legal reform of codification by drafting the Civil Code which had hitherto been missing. On May 22, 1929, the Government of the Republic promulgated Book I of this Code setting forth its general principles, and on October 10, 1929, this section of the Code was declared in force. The remaining sections of the Code are to be completed before the end of the year 1929.

There is therefore now a body of written law, borrowed, as was inevitable in the absence of native material, from Europe, and therefore, in theory at least, more applicable to Europeans in China than to the Chinese themselves. It was the completion of this Code which furnished the Chinese Government with the basis of its claim that extra-territoriality be ended in the next few months.

ELEMENTS OF MISUNDERSTANDING

Having honestly and seriously set about meeting the conditions laid down by the Powers, China now asks that they make good their promise. Unfortunately, it still receives from Great Britain and the United States the answer that the preparation of the Code fulfills only one of the two conditions laid down by the treaty agreement. Great Britain and the United States had offered to surrender their extra-territorial rights "when the state of Chinese laws and the arrangement for their administration" warranted them in doing so. Now the reform which China has carried through operates only with reference to the "state of the laws," but does not cover the "arrangement for their administration."

Chinese disappointment at this reply has been expressed with the utmost frankness both in formal diplomatic notes and in the writings of its publicists. The first impulse, and a most natural one, at least on the part of private Chinese citizens, is to doubt the good faith of Great Britain and the United States and to cast about for some means for asserting the rights which they have established according to the very terms laid down by the Western Powers. The reference to Turkey in the diplomatic notes is one that is commonly heard in China in unofficial circles and indicates a new and somewhat disquieting way of thinking on the part of the leaders of Chinese opinion whose disappointment is at the same time disillusionment.

As a matter of fact, these elements of misunderstanding are really due to the fact that the political and not the juristic elements of the problem keep coming to the fore while all the time the heart of the matter is juristic. Refusal to accept the statement of modern laws as the adequate fulfilment of the conditions of the treaty is simply due to the fact that a law by itself is not enough. The two nations most concerned, Great Britain and the United States, do not regard the codification of the law as of equal importance with provision for its continued betterment by improved procedure and the growth of experience in administering justice.

The report of the commission on extra-territoriality is definite and clear upon this matter. The first of its recommendations has to do with the administration and not the substance of the law. The text of a code, however perfect it may be, is only legal literature. The practical question is to secure its untrammelled execution.

The commission pointed out two main obstacles to the application of the law. Its first recommendation was that the judiciary should be "effectively protected against any unwarranted interference by the executive or other branches of the Government, whether civil or military." It sought, by recommending "adequate financial provision for the maintenance of courts, detention-houses and prisons and their personnel" to eliminate venality and corruption in the actual administration of justice.

The state of affairs implied in these two points of the commission's recommendation is not and cannot be admitted by the Government of China. On the other hand, the mere issuance of codes by China, however excellent they may be, has not been nor is likely to be accepted by British and American Governments as a full and satisfactory fulfilment of the second of the two conditions which they have repeatedly insisted upon before they are willing to renounce extra-territoriality, namely, provision for the adequate administration of justice.

We have therefore narrowed down all issues in the complex questions before us to a single one. It however still remains an obstacle and the recent notes of the British and American Governments maintain their position concerning it without any change of attitude.

A SUGGESTED SOLUTION

Instead of regarding this situation as one constituting an inherent deadlock, it, on the contrary, presents and would even seem to suggest from the nature of the situation a means of solution. The remedy lies in enlarging the conception of the Chinese legal reform to include a fuller provision for the administration of the law as well as its codification or statement.

In the interests of China as well as of the other Powers, it is essential that this enlarged conception of the legal reform should prevail. If that reform were to be regarded as simply the preparation of a single document prepared in a few months and taken over as a whole by Chinese courts, then it could but prove an incomplete and uncertain vehicle of justice. No adequate instrument for such a vast and hitherto unsurveyed field can possibly be prepared this way. Even where codes of law prevail, they have embodied long experience and much legal history. What have seemed like the ready-made codes of continental European nations were really not ready-made at all but the product of national growth, grafted upon the rich experience of the antique world. This was equally true of the Code Napoleon and of the German Gesetzbuch. As for Great Britain and the United States, while they are not averse to using partial codes, their conception of jurisprudence is instinct with a lively sense of its continuing growth and development. They insist that the procedure which has created law in the past shall still be given free chance to create it in the present and the future. The conception of justice in the Anglo-Saxon tradition is empirical and not scholastic. It is the embodiment of experience growing more and more mature; and this conception of law is, in the opinion of British and American lawyers, the one best fitted to a changing world and, more especially, to a world in which fundamental changes are taking place in social, economic and political relations; as is the case in China now.

Therefore, the new legal system of China should find room for something more than a code or should add to its code provision for the growth and discovery of principles of law through court procedure, and this procedure should be of a kind to include all the major relationships of citizens and residents of China. In other words, the juristic claims of the foreign Powers should be met, not as a condition of their renunciation of extra-territoriality, but as a natural completion of China's own legal reform.

There should be some special measures provided for the period in which the new legal system was being given its experimental start. But these provisions should be made by a free act by the Chinese state itself for the sake of carrying out its own laws with greater efficiency. Thus it would meet the juristic claims of the foreign Powers within the framework of the Chinese legal system.

Upon the notification by China to the Powers of the inauguration of this enlarged reform and their acknowledgment of the receipt of the notification, negotiations might then proceed to the final point of a formal renunciation by the foreign Powers of their extra-territoriality. This act should have no conditions attached to it. It would end the political phase of the extra-territorial question. Whatever the diplomatic procedure to be followed, there should be no doubt upon the point that China and the Powers would be entering upon a new era from which the term "extra-territoriality" would wholly disappear.

It now remains to examine what kind of juristic arrangements would be both in harmony with the Chinese legal reform and acceptable to the foreign Powers as the fulfilment of their demands for "the adequate administration of justice." The suggestion which is made here is that China should set up, as a temporary device during the period of experimentation,—say for at least five or ten years after the termination of extra-territoriality,—a limited number of special courts in a half-dozen places where foreign business is most largely carried on or where foreigners are most largely congregated, which courts should be provided with some special machinery for applying the new legal reform and adapting it to practical needs. What is envisaged here is something inherently necessary in the Chinese system itself, a necessary condition for the growing industrialization and commercial prosperity of China. It should be thought of from this angle and judged in the light of its services to China itself; nevertheless, if it were successful it should also meet the juristic demands of the foreign Powers.

These special courts might very well be distributed as follows: one at Canton, one at Shanghai, one at Hankow, one at Tientsin and one at Mukden, with perhaps still one more in some other city. In addition to the courts of first instance there should be at least one court of appeal. These should be courts in which the foreign as well as the Chinese litigants would have recourse to principles already familiar to them and so enable the Chinese code of laws to be widened out "from precedent to precedent" to cover that field of conflicting national usages which by its very nature contains so much of the elements of possible international misunderstanding.

The term "courts" is used here in a comprehensive way to indicate a complete unit for the administration of justice. It involves articulation with adequate measures for police, and for law enforcement including satisfactory adjustment with the political authorities both local and central and some provision for appeal. It is impossible in this short memorandum to do more than suggest the main features of the institution and its setting which in actual practice would have to be studied with due regard to prevailing local conditions. A more detailed study of the elements of the problem is, of course, imperative, and if it is to be realized under the existing political situation, this should be done in the immediate future.

It will be readily seen that this proposal is directed towards meeting the juristic demand of the Powers which has so far blocked their acceptance of Chinese political demands. But in attempting to meet the juristic claims of the other Powers we must not lose sight of the fact that we must meet them from within, not from without, the Chinese legal system. In the past there have been both measures and proposals for safeguarding the rights of foreigners, and the national courts as well as the provisional court have been working to that end. But they have been part of an extra-territorial régime and any proposal which suggests merely continuing their activities in the new era is bound to be refused by China. The courts must not be foreign courts. But how can this be avoided if they are to ensure the rights of foreigners in ways sufficiently guaranteed to risk acceptance by the Powers?

The following device is proposed as a possible solution. China should have the right to appoint the judges or jurisconsults responsible for the administration of these courts. The choice of China might, however, very well be limited to selection from a panel of experts nominated by either the World Court or—if the United States should not be a member of the World Court—by the Court of Arbitration at The Hague. But this panel should be drawn from lists prepared by the law associations of the countries concerned in some agreed proportion. Once having been chosen from the different countries, the final nomination should be made without regard to nationality.

This last formula is all important. If Chinese justice is to develop on sound lines, the jurists chosen for these courts should be selected "without regard to nationality" but solely with regard to their merit and standing as jurists. This should mean that Chinese jurists would have an equal chance with foreigners. As years go on this would be more and more important as the body of law develops and administration of law, worked out in these courts, becomes more and more an integral element in the whole Chinese system of jurisprudence. Moreover, it might be possible to secure higher grade candidates among the Chinese students of law than among foreigners who would be obliged to spend years in China away from their native lands. The provision should somehow be maintained, however, that only those jurists be appointed who would have personal and direct familiarity with the law and practice of the Western nations. The purpose of these courts could not be carried out unless they were to continue to furnish the bridge between Western and Oriental experience.

The key to the whole proposal, as can readily be seen, is the use of an international tribunal of justice to coordinate the appointments.

It would not be easy for China on its part to make this kind of arrangement directly with the Powers involved, for in that case it might seem to be making concessions to each of the negotiating nations. The World Court, representing nothing political, but solely the juristic life of the civilized world, could not come under suspicion of political aims. Moreover, the fact that China is itself a member of the tribunal nominating the panel of jurists who were to serve in China should not be forgotten. But the advantages offered by the use of the World Court should be secured to the full, and it should not only prepare the panel but determine as well the salaries and the conditions of payment for the upkeep of the Special Courts, having in mind the varied experience which would be called for in this regard. This financial arrangement should be noted in a formal diplomatic act.

This proposal, eliminating as it does the political aspect of foreign intrusion into China and making provision only for the avoidance of further trouble by the employment by China of adequate means for ensuring justice, should be regarded as ushering in an era when the old misunderstandings, charges and counter-charges would disappear from all but history. Not only would the Special Courts be Chinese, but jurisconsults or judges, as the case might be, would be Chinese officials from the fact that they would be chosen out of a selected panel by the Chinese Government. There would, therefore, be no more derogation of Chinese sovereignty in the erection of these courts than was the case in ancient Rome which built up its law according to methods not dissimilar from those just indicated. First of all, it had to make provision for the rights of foreign merchants who had their settlements in Roman territory; then by a natural extension it was enlarged through the work of the *praetor peregrinus* to incorporate into it conceptions of justice prevalent in the varied nations of which the Roman Empire was composed. The result was the greatest creation in all the history of law, the *corpus juris civile,* which has remained throughout all the succeeding centuries the inspiration of jurists and the embodiment of the higher principles of justice.

The opportunity has now come to China to do the same thing for the modern world which Rome did for the jurisprudence of Europe. Commerce and international intercourse are bringing new sets of questions into the history of law which cannot be dealt with adequately in any existing national system. No code embodying strictly national history is adequate to deal with the growing economic interdependence of the world today. International law tends therefore to reach from the outside into the activities of nations in order to establish principles of justice in this new world of international relations. But the proper field and scope of international law and its relation to domestic or national systems is extremely uncertain and indefinite. The League of Nations has sought to extend the sphere of international law through the advisory opinions of the Court. The World Court, itself, in its normal procedure similarly extends the scope of international law but, on the other hand, nations have by no means surrendered the most essential of their existing legal privileges. Sovereignty is still a reality in the world of law. The adjustment of these conflicting tendencies, the one toward the enlargement of law and the other toward the assertion of national systems, is the supreme problem in the realm of law both now and for the future.

While on the one hand the opportunity to do a great thing is almost unparalleled in the history of politics, on the other hand any tendency to use the instruments of justice for mere political expediency brings inevitable disaster. Justice is not an abstract thing. It is the description of the way in which the humblest citizen as well as the most powerful deals with his fellow man. It is the picture of the daily life of the obscure as well as of the behavior of nations. It therefore cannot be trifled with or falsified without injury to both the citizen and to the state. And the measure of a nation's happiness as well as its political maturity is to be found in the provision which it makes for perfecting justice.

The opportunity for effecting a great reform lies not only before China but before the other Powers as well. The time has come for East and West to turn from conflict to cooperation. The solution of extra-territoriality in China should carry with it the solution of a larger problem still. East and West have now to reconcile their centuries of diverse history and social adjustment. There is no escape from this historical imperative. The compelling might of modern science and industry is already fusing these ancient diversities of habits and of morals. If now China and the Powers address themselves to the solution of this problem of juristic claims, they will have established something far outreaching any conceptions of sovereignty, for the principles involved are those which grow with the administration of justice to fit the diversity of conditions, principles which would be applicable the world over whenever and wherever the mingling of peoples and of interests brings similar problems to the governments of the civilized world.

POSTSCRIPT

The suggestions offered in this memorandum do not attempt to cover all the intricacies of the problem of extra-territoriality; they do not even attempt to cover all of the points made in the recommendations of the Commission on Extra-territoriality. They deal only with the conditions laid down by Great Britain and the United States in their treaties at the opening of the twentieth century. All that the present memorandum attempts to do is to point out clearly how these conditions may conceivably be met by a method which would leave unquestioned the validity of both the political and the juristic point of view. If the suggestion is worth considering, the details of any definite proposal should be left in the hands of a competent commission of jurists upon the one hand, and of the established organs of diplomacy upon the other.

VII

THE INTERNATIONAL SETTLEMENT AT SHANGHAI

A MEMBER OF THE BRITISH GROUP, I.P.R.

It is proposed to relate just so much of the early history of Shanghai as may be necessary to enable us to understand how the present institutions in the International Settlement came into existence and took shape, dwelling in passing upon one or two points with the purpose of dispelling certain misconceptions to which currency has been given by propagandists of various complexions.

Shanghai was opened to the trade and residence of foreigners in the year 1842, by virtue of the Treaty of Nanking which brought to a close the first war between England and China. Article 2 of the Treaty of Nanking stipulated that British subjects with their families and establishments should be allowed to reside for the purpose of carrying on their mercantile pursuits without molestation or restraint at five ports, of which Shanghai was one. Article 7 of the Supplementary Treaty of the Bogue, of 8th October, 1843, stipulated that in these five treaty ports,

> ground and houses, the rent or price of which is to be fairly and equitably arranged for according to the rates prevailing amongst the people without excess on either side, shall be set apart by the local officers in communication with the consul, and the number of houses built or rented will be reported annually to the said local officers by the consul, for the information of their respective viceroys and governors, but the number cannot be limited seeing that it will be greater or less according to the resort of merchants.

Similar stipulations occur in the French and American Treaties of that time. It is important to note at the outset that foreign municipal administrations grew up in the reserved areas, not by virtue of these Treaty stipulations, but because the Chinese in accordance with their principle of the devolution of responsibility preferred to place upon the foreigners the responsibility for managing their own affairs. The foreign community of Shanghai, justly proud of their magnificent achievement in building up a great foreign city with an admirable municipal administration on the banks of a Chinese river, are nevertheless a little prone to magnify the extent of their achievement. They assert—and they firmly believe—that the International Settlement has been developed out of absolutely nothing at all, that before the foreigner appeared upon the scene there was nothing but a mud swamp which has been transformed by his activities into the present city of Shanghai. This it must be confessed is a slight exaggeration. The fact is that before ever the foreigners had even heard of its existence, Shanghai was the greatest trading centre in the East of Asia, and if the reports of the two foreigners who succeeded in finding their way to the place only a few years before it was opened to foreign trade are to be believed, the native shipping which at that time entered and cleared from the port of Shanghai, equalled in tonnage the shipping of the Port of London. The land that was set aside for the residence of foreigners, in accordance with the terms of the Treaty, was not by any means a mud swamp. It was, in fact, an admirable site along the banks of the river, outside the gates of the city. When this site had been set aside, some form of foreign municipal administration began naturally to grow up, not because the foreigners had any notion of encroaching upon the sovereign rights of China, but because the Chinese preferred to leave the foreigners to manage their own affairs. They were, in fact, only too pleased to be relieved of all responsibility in regard to them. The result was that within three years of the opening of the port to trade, the local Chinese authorities, in agreement with the British consul, promulgated a set of regulations—the first land regulations—setting out the terms on which foreigners could acquire land, and providing that these foreigners could build and repair bridges, roads, jetties, drains, hire watchmen, and make proper provision for lighting, planting trees, and generally exercising such municipal control as should enable them to enjoy the amenities of life to which they had been accustomed in the West.

The original idea was that this area should be a little British settlement under the control of the British consul, but in which foreigners of other nationality could reside. There were comparatively few Chinese residents at that time, and it was believed that as their land was bought up for the use of foreigners, they would disappear and in course of time the area would be reserved solely for foreign residents. Neither of these anticipations was fulfilled. It was soon found that the Chinese Government could not grant such exclusive rights to the British consul without infringing the treaty rights of other nations. The privileged position of the British was soon challenged by the Americans, with the result that the British authorities decided that it was desirable to transform the area into a settlement in which all foreigners would enjoy equal rights, and which would be administered under regulations agreed to by the various Powers, and enforced by them upon their respective nationals. New land regulations on this basis were agreed to and promulgated by the Chinese authorities and the Treaty Power consuls in 1854. Just previously to this date, however, the character of the settlement had been wholly transformed in consequence of the Taiping rebellion. In September, 1853, the city of Shanghai had been captured by the rebels, and even before that event large numbers of Chinese had flocked into the Settlement for the greater security which its shelter afforded against the disorders outside. The presence of a large Chinese population greatly enhanced the value of land, and it became a very profitable business to build and let houses to them. Once they were established in the Settlement the question of ejecting them or of limiting their numbers could no longer be entertained. From this time onward the presence of a large Chinese population within its borders became one of the essential characteristics of the Settlement. The former prohibition against the renting of land or houses in the Settlement to Chinese was revoked in virtue of an agreement between the Taotai and the Treaty Power consuls which laid down that any such Chinese must enter into an undertaking that "he will conform strictly to the land regulations and contribute his share to any general assessment". It thus came about that while foreigners and Chinese alike were liable to pay municipal taxation, the franchise was exercised by foreigners alone.

In 1848, the French consul, inspired by the example of his British colleague, obtained from the Chinese authorities the grant of an area as a French concession. ('Concession' and 'settlement' are in Shanghai synonymous terms, but the French prefer the sound of the word 'concession.') In 1854 there were no French residents, and the concession was still quite undeveloped. The French authorities participated in the elaboration of the 1854 regulations, which, by Article 1 were applied to both the foreign areas. Shortly afterwards, for reasons which it is not necessary to elaborate, they withdrew their assent to these arrangements, and decided that the French concession should remain separate from the British settlement. It is a curious fact, however, that this decision remained entirely unknown to the foreign community in Shanghai. Presumably, the fact that there were no foreign residents in the French concession made it at that time a matter of no practical importance. American missionaries took up their residence in the district (now known as Hongkew) adjacent to the British settlement, but there was no formal grant of an American settlement until the year 1863, whereupon the residents of the British and American settlements immediately agreed to unite both areas under one Municipal Administration.

By this time the foreign community of Shanghai had begun to feel that a better code of regulations was necessary for the proper municipal administration of the foreign area. About the years 1860 and 1861 the province of Kiangsu suffered very severely from the ravages of the Taiping rebellion, and there had been another enormous influx of Chinese into the Settlement. The foreign population had also greatly increased, and it was necessary that the Municipal Council should be invested with wider and more definite legal powers over this heterogeneous population than were contained in the existing regulations.

No effective control could be exercised unless a new code of regulations was elaborated and unless this new code should receive from the Governments concerned "such a special authorisation as shall establish its legality beyond question and so enable each consul to enforce its provisions on every person under his jurisdiction".

With the Taiping rebellion raging at their doors it is not unnatural that the foreign community should consider that the main object of the new Constitution should be to secure a measure of immunity for the foreign area from the violence and anarchy which was devastating the rest of China. They therefore put forward a proposal that the Settlement should be constituted a "free city under the protection of the four great Powers, but exercising its own government through its own chosen officers". They were not alive to the political considerations which made such a solution of the problem impossible. It is interesting to note that this idea of a free city has never been wholly abandoned by the citizens of Shanghai. In times of stress it has cropped up again and has indeed been seriously put forward within the last few months as the proper solution to the Shanghai problem. The British authorities, of course, were quite unable to entertain any such idea. Mr. Bruce, the British Minister in Peking, laid down the principles which should form the basis of the new system which it was proposed to introduce, namely, that the

Municipal Council should derive its authority from the Chinese Imperial Government, and that that authority should not extend beyond simply municipal matters: roads, police and taxes for municipal objects; that the Chinese in the Settlement should be under the jurisdiction of Chinese officers, and the foreigners under the jurisdiction of their respective consuls. These principles were approved by the ministers of the four Powers in Peking, and were accepted by the Shanghai community. By the year 1866 a satisfactory code of regulations had been elaborated. The American settlement had already been amalgamated for all purposes of municipal administration with the British settlement; but a complication now arose owing to the discovery that the French insisted upon having a separate concession of their own under a separate municipal administration.

The solution of the difficulty ultimately reached was that the French agreed to the land regulations of the International Settlement as binding upon their nationals in that area, while the other Powers agreed to the French municipal regulations as binding upon their nationals in the French concession. Interminable delays, however, took place before this arrangement could be carried out, and in the meantime the difficulties of carrying on the municipal administration in the Anglo-American settlement became increasingly greater until at length there was an imminent risk of a breakdown of the administration altogether. Eventually, in order to avert the threatened collapse, the ministers of the Treaty Powers in Peking in 1869 adopted the expedient of provisionally sanctioning both codes of regulations, which then immediately came into force. It thus happened that the land regulations of 1869, which are the constitution under which the International Settlement has continued to be governed down to the present day, came into force before the assent of the Chinese Government had been obtained for them.

This initial defect has, however, been remedied by the subsequent recognition accorded to the regulations by the Chinese authorities, and in particular in the proclamation of the 8th May, 1899, granting an extension of the International Settlement.

One unfortunate result of the haste with which the Land Regulations of 1869 were provisionally sanctioned and put into force, was that the opportunity was missed of settling at this early date the question of Chinese representation on the Council. In 1863, when the question of elaborating a new constitution first came under consideration, the British Minister in Peking was very insistent that in the new code, adequate provision should be made for Chinese representation. His views were cordially accepted by the Shanghai community, and the version of the Land Regulations which was approved by the British Minister and by H. M. Government in 1866 actually provided for Chinese representation. There then ensued the delay consequent upon the dispute with the French, which has been referred to above, and during this period the regulations appear to have been further amended. In some way or another—it is not quite clear how—during this period the provision for Chinese representation was dropped, and when the Regulations finally reached Sir Rutherford Alcock in Peking in their amended form, the omission appears to have escaped his attention. It is desirable that this point should be made quite clear, for in recent propagandist publications the statement has been made that the ratepayers in Shanghai inserted an article providing for Chinese representation, and that this article was struck out by the Diplomatic Body in Peking under the lead of Sir Rutherford Alcock. There is no truth whatever in this story. Sir Rutherford Alcock consistently, and very strongly, held the view that there should be some form of Chinese representation on the Council, and however the omission came to be made, it was certainly not due to any action of his. The Chinese, it may be remarked, appeared at that time to take no interest whatever in the question.

The Land Regulations set up what must be regarded as one of the most characteristic of Shanghai institutions, namely the Court of Consuls, in which all suits brought against the Shanghai Municipal Council were tried. The Regulations did not in any other respect deal with questions of jurisdiction, which were indeed outside their scope. Under the system of extra-territoriality set up by the Treaties, every national in China, including the Chinese, remained under the jurisdiction of his own authorities. This position was not in any way altered by the Land Regulations, which were merely made binding upon each national by the approval of the respective national authorities. In so far as foreigners were concerned, jurisdiction was exercised by means of Consular Courts established in Shanghai. As regards the Chinese, the matter was not quite so simple.

When the British settlement was first established, shortly after the opening of Shanghai as a Treaty port, it was clearly understood that the setting aside of an area for foreign residence did not in any way alter the fact that the Chinese authorities had full jurisdiction over such Chinese as might be within that area. This jurisdiction was exercised by the existing Chinese magistrates and police—and in view of the fact that it was anticipated that the Chinese would in course of time be wholly excluded from the settlement, there did not appear to be any necessity to set up special machinery for dealing with them. This position was altered by the first great influx of Chinese into the settlement during the years 1853 and 1854. The Chinese authorities showed no enthusiasm to carry out their responsibilities, and as law and order had to be maintained somehow, they were quite content that the British and American Consuls should divide between them the duty of administering justice to Chinese offenders arrested within the settlement. In trivial cases small penalties were imposed, and in more serious cases the offenders were sent in to the native city for trial. In the earliest days there was no suggestion that the Chinese "yamen runners" could not enter the settlement and arrest Chinese, but as the population of the settlement increased, and after a regular municipal police force had been established, the entry of Chinese runners into the settlement led to complications. It was desirable that there should be some assurance that the Chinese warrants executed by those runners were genuine, and not fictitious documents issued for the purpose of extortion. There therefore naturally grew up a practice by which no Chinese warrant could be executed in the settlement until its authenticity had first been guaranteed by seal of the Senior Consul. It was also a natural development out of this that the municipal police should assist in the execution of the warrant. Persons so arrested were taken out of the settlement, because there was as yet no Chinese Court in the settlement before which they could be tried. In the course of time it became evident that it would be impossible to continue to maintain peace and order in the settlement unless such a court were established. A further enormous influx of Chinese had taken place during 1860 and 1861, and the settlement was also troubled with foreign bad characters of no recognised nationality. The primitive system under which the British and American Consuls administered patriarchal justice could not continue much longer. Eventually Sir Harry Parkes, who for a short time was consul in Shanghai, was able to persuade the Chinese authorities to establish a court in the settlement for the trial of Chinese offenders and for the hearing of suits in which a foreigner was plaintiff. Thus was the Mixed Court established in the year 1864. New rules for the Mixed Court were agreed upon and put into force in 1869, about the same time as the Land Regulations, and just as the Land Regulations, with a few slight amendments, have continued to this day to be the constitution under which the settlement has been administered, so did the 1869 Mixed Court Rules remain in force until 1st January, 1927. The Rules provided that the Chinese officer presiding over the Court could sit alone where no foreign interest was concerned, and that he should have the power of inflicting punishment on prisoners sentenced by him. He had no power to deal with grave offences, which still had to be sent to the Chinese magistrate in the city for trial. In all criminal cases, a foreign assessor sat with the Chinese magistrate, and in later years the arrangement was that these assessors were provided by the British, American and German consulates. The British assessor sat three days a week; the American two days; and the German one day. By virtue of their training, experience and personality, the assessors gradually acquired great influence and assumed the character rather of co-judges than of assessors. By the end of the nineteenth century the Chinese magistrate sat alone only in purely Chinese civil cases. In criminal cases male prisoners were imprisoned in the municipal gaol or police cells. Chinese punishments, such as the cangue and the bamboo, were inflicted under the supervision of the Mixed Court magistrate who also had the custody of female prisoners, and of Chinese detained in civil cases. This was in accordance with the Rules of 1869, and a Chinese prison was attached to the Mixed Court for this purpose. This gradual growth of foreign control over a purely Chinese Court was due to the natural desire of the foreign community to raise the standard of the administration of justice in the settlement to something approaching western standards. The process was continued after 1900, but then, owing to the rise of nationalism in China, it began to lead to serious friction between the Shanghai Municipal Council and the Chinese. Angry feelings were aroused by the action of the Council in stationing police officers in the Mixed Court to supervise the carrying out by the magistrates of Court sentences. In 1905 the Council went a step further and attempted to remove female prisoners to the municipal gaol. This led to a formidable riot in which several lives were lost and much damage done to property. The rebellion in 1911 effected a vital change in the status of the Mixed Court. The imperial authorities in Shanghai fled from their posts, but before doing so they resigned their control over the Mixed Court to the consular body; and from 1911 to 1927, the Court was administered under a new and anomalous system. Chinese magistrates were appointed by the consular body, and were paid by the Municipal Council. It still continued to be a Chinese Court administering Chinese law. Foreign control enabled the Council to institute great improvements in the organisation and practice of the Court. Many of the Chinese abuses were swept away, but unfortunately other abuses took their place, and these abuses were of a nature to undermine the prestige of the foreign administration of Shanghai. The Consular Body consisted of eighteen consuls, each of whom had an equal say in the administration of the Court. Any consul was entitled to say that the interest of one of his nationals was concerned in any case that came before the Court. His statement to that effect could not be questioned, and sufficed to place an assessor of that nationality on the Bench to try the case with the Chinese magistrate. For the consequent failures to obtain impartial justice the foreigners naturally had to bear the blame. Foreign assessors were also appointed to sit, and foreign lawyers were admitted to plead in purely Chinese civil cases. This also gave rise to a great deal of discontent. The arrangement in 1911, by which the Consular Body had taken control of the Court, had been understood to be a purely temporary arrangement which would come to an end on the restoration of normal conditions. An insistent demand arose for the return of the Mixed Court to Chinese control. The question, however, had become mixed up with some other Shanghai questions, principally the question of settlement extension, of Chinese representation, and the vexed question of municipal roads beyond the settlement boundary and for several years no progress in any direction could be made. Eventually, however, under the leadership of the British Consul-General at Shanghai, the question of the Mixed Court was dissociated from other questions; a rendition agreement was negotiated, and the Court was returned to Chinese control on 1st January, 1927. Under this agreement the old Mixed Court and the Rules of 1869 finally disappeared, and in its place was established a Provisional Court.

Towards the end of the nineteenth century the International Settlement had already fully taken on its present aspect of a vast Chinese city under foreign municipal administration, and one of the chief difficulties was how to provide for future expansion. An extension of the Settlement limits was successfully negotiated in 1899, but the population, principally Chinese, desiring to avail itself of the benefits of an honest and efficient administration, continued to increase at a very rapid rate. As further extensions of the Settlement could not be obtained, the difficulty was met by the device of the Municipal Council extending its authority beyond the boundaries of the Settlement. Article 6 of the Land Regulations of 1869 empowered the Council to purchase land beyond the Settlement limits for the purpose of extending roads leading out of the Settlement. The Municipal Council placed a liberal interpretation upon this article; they purchased the land which they required, constructed roads extending many miles into the surrounding countryside, laid tram lines, water mains, telephone lines along these roads, and also exercised the right of policing them to the exclusion of the Chinese police. These activities inevitably gave rise to a good deal of opposition and friction. The problem was still further complicated by the fact that, in the areas adjacent to the Settlement, the Chinese now began to establish municipal administrations of their own. The solution of this problem that was suggested by the British Consul-General was the creation of a municipality of Greater Shanghai, a sort of super-municipality which should co-ordinate and contain representatives of all the different municipalities, both foreign and Chinese, in Shanghai. An essential part of the scheme was that Chinese members should be added to the Municipal Council of the International Settlement, while foreign members should be added to the Councils administering the Chinese areas. These proposals were approved as a basis of negotiations in the year 1924, but owing to one of the usual Chinese civil wars, no negotiations actually took place. It is interesting, however, to note that shortly after this the Chinese developed the idea of a Greater Shanghai of their own—an idea which was no doubt borrowed from the British proposals—and there has now been called into existence a Chinese municipality of Greater Shanghai which aspires to swallow up the areas under foreign administration. The Chinese, however, have not so far shown the slightest intention of admitting any form of foreign representation in this Municipality.

The only part of the British proposals to which effect has been given is that relating to the addition of Chinese members to the Municipal Council of the International Settlement. It has already been told how a golden opportunity to secure Chinese representation was missed in 1869. Another such opportunity was missed in connection with the Mixed Court riot of 1905 which has been referred to above. Of that occasion it was found that the heads of the Chinese guilds and other leading Chinese residents in Shanghai co-operated in a wholehearted manner with the Municipal Council in restoring order, normal conditions and friendly relations, and it was felt that if some permanent machinery in the shape of a Chinese Consultative Council could be established, the results would be very beneficial. Negotiations were initiated by the Council, and there seemed to be every prospect of success, but unfortunately the ratepayers rejected the scheme.

The necessity for such a body again became apparent in 1919 in connection with an agitation among the Chinese residents against taxation without representation caused by a proposed increase in the municipal rates. A resolution in favour of Chinese representation on the Council was again defeated by a large majority of the ratepayers at their annual General Meeting in 1920. In the following year, however, the Council was successful in securing the appointment of a Chinese Advisory Committee. The idea was that this Committee should be consulted by, and should advise the Council when any matter specially affecting the Chinese interests in the Settlement was under consideration. The Committee, however, did not prove a success. It was seldom consulted, and when difficulties arose its members were not anxious to assume the responsibility of giving advice. After the shooting incident of May 30, 1925, the Committee resigned.

The May 30th affair gave a great impetus to the nationalist movement in China, and intensified the agitation on all questions where Chinese sovereign rights were concerned. The year 1926 was fully occupied with negotiations over the three burning questions of Mixed Court rendition, Chinese representation, and extra-municipal roads. Negotiations for the Mixed Court rendition were brought, as we have seen, to a successful conclusion before the end of the year. With regard to Chinese representation, foreign opinion in Shanghai had now been persuaded of the necessity of going further than there had been any inclination to go hitherto in order to meet the legitimate aspirations of the Chinese. At their annual General Meeting in April 1926 the ratepayers passed a resolution authorising the addition of three Chinese members to the Council. This proposal was accepted as satisfactory by both the Central and the Provincial Governments. There was some delay in carrying it out, because the events at Hankow in January 1927 prompted the Chinese to make more extensive demands at Shanghai. Eventually, however, in the following year these demands were met by the addition, not only of three Chinese Members to the Council, but also by the appointment of a Chinese member to each of the six Committees which functioned under the Municipal Council in carrying on the work of the administration. The situation at the present moment is that the Chinese are pressing for a further increase in Chinese representation. The foreign ratepayers, however, who are very sore over the disputes in connection with the Provisional Court, are reluctant to meet this demand. As regards the extra-municipal roads, an agreement was reached locally in 1926 to maintain the *status quo* pending negotiations. It was hoped that these would be taken up immediately, but so far no progress has been made with this question. It is possible that agreement may ultimately be reached on the lines of surrendering to complete Chinese control the municipal roads which lie beyond the loop railway line encircling Shanghai, while maintaining some degree of municipal control over the area which lies between the boundaries of the Settlement and the railway line in question. Neither of these two questions, however, namely, the question of the extra-municipal roads and the question of the progressive Sinification of the Municipal Council and its administration, are of such importance as the question of the Provisional Court which is indeed the crux of the whole Shanghai problem.

It is essential to remember that the Provisional Court is, and always has been, a Chinese Court administering Chinese law to Chinese citizens. This Chinese Court was, as we have seen, specially established by the Chinese authorities at the instance of Sir Harry Parkes in 1864. The desire of the Settlement authorities to raise the standard of justice to Western standards and to secure harmonious co-operation between the Judicial and the Executive sides of the Settlement administration, induced a process of gradual encroachment upon the judicial authority of the Chinese magistracy. In the period between 1911 and 1927 this culminated in complete foreign control of the Court, even in matters such as purely Chinese civil cases where no foreign interest was concerned. But even during this period the Court, in theory at any rate, retained its character of a Chinese Court administering Chinese law.

The effect of the Rendition Agreement which came into operation on the first of January, 1927, was to sweep away practically the whole of these foreign encroachments. The old system of Mixed Court assessors provided by the British, American and German consulates could not be revived. Their place was taken by "deputies," elected by, and representing, the whole Consular Body, who sat with the magistrate only in such criminal cases as were held directly to affect the peace and order of the Settlement. These deputies were shorn of all the powers of a co-judge, and could only watch such cases and enter a protest whenever it seemed to them that the decision of the magistrate was wrong. In civil cases where a foreigner was the plaintiff, a consular assessor was entitled by Treaty to sit jointly with the Chinese magistrate, but the powers of the assessor were limited to those conferred by the Treaty.

It was hoped that after rendition the Chinese might make use of the opportunity which the restoration of their control over the Court gave them to demonstrate their fitness for the abolition of extra-territoriality. Unfortunately these hopes have not been fulfilled. The Court has been the scene of constant quarrels which have seriously embittered the political relations between the Chinese and the foreigners in Shanghai. It is only fair to say at once that the Chinese are not entirely to blame for this state of affairs. In the old days before 1911, when the assessor side of the Court was almost entirely in the hands of the British consulate alone, disputes were avoided because the assessors were men of training and experience, and above all, of common sense. They realised that it was their job to make an illogical system work somehow without dispute, but deputies appointed by the whole of the Consular Body are sometimes apt to consider that the standing and prestige of their own particular country and of Western civilisation in general is wrapt up in the personal dignity of a junior Vice-Consul. A considerable number of the disputes in the last two and a half years should never have been allowed to arise at all. The remainder are very largely due to the fact of which, unfortunately there is no doubt, that the Court has been subject to political influence operating from beyond the Settlement boundary. In China the Judiciary are still subordinate to, and bound to carry out the will of, the Executive. Admirable codes have been promulgated and excellent judges have been trained. (There has been very little complaint against the judges of the Provisional Court, and many of them have won the admiration and respect of the foreign community.) Deeply ingrained in the immemorial Chinese system is the idea that the will of the Executive is supreme over everything. This idea works out in two ways which seem perfectly normal and natural to the Chinese mind, but which, it must be confessed, are a little shocking to Western notions of jurisprudence and of justice. First, the will of the Executive is the law. A Taotai's proclamation, for example, frequently sets aside existing rules and makes new rules which the lesser magistrates must enforce on the people. If the Executive can thus override, and indeed make the law, the natural corollary is that the Executive authorities do not allow their liberty to be hampered in any way by decisions rendered by the judicial authorities. Equality of all before the law is not a conception that has entered into the Chinese mind. There is no doubt, therefore, that the Provisional Court in Shanghai does, in effect, act in judicial matters on instructions conveyed to it by the Executive authorities of the Chinese Government outside the Settlement, and this is naturally a fruitful source of friction and even of conflict between those authorities and the Executive authorities within the Settlement who are responsible for carrying on the municipal administration.

Perhaps we are now in a position to state what exactly is the problem of Shanghai, or rather the problem of the International Settlement of Shanghai. The

International Settlement is a vast modern city with a population of 30,000 foreigners, and 1,000,000 Chinese, and the Government of this city is divided into two parts —the executive and the judicial. On the executive side we have such matters as roads, drains, scavenging, health administration, lighting, trams, police, education, provision of parks and open spaces, of music, hospital accommodation, etc., etc. All these matters are within the unfettered control of an elected Municipal Council which derives its authority from the Land Regulations of 1869. On the judicial side we have such matters as the maintenance of law, order and security. Offenders, both Chinese and foreign, arrested by the municipal police must be tried and punished. There must be judicial machinery to assist the executive branch in the collection of taxes, and the residents in the Settlement must have some assurance that they can go about their lawful occasions without fear of violence, arbitrary arrest, extortion, or any other similar illegal action. The judicial machinery of the Government of Shanghai consists of the Provisional Court. (We may ignore for our present purpose the Consular Courts which, of course, only deal with a small fraction of the total population of the city.)

The fundamental fact which may be said to constitute the problem of Shanghai is that the executive side of the Administration derives its authority through the Land Regulations of 1869, while the judicial side of the Administration derives its authority, not from those Land Regulations, but from the Chinese Government direct. The reason for the conflicts which have rendered the Government of Shanghai so difficult in the last two or three years is that the devices previously existing for bringing the executive and the judicial machinery into harmony have now been abolished.

The Chinese claim an increasing share in the government of the International Settlement—greater than they at present enjoy. On the executive side this claim takes the form of a demand for more Chinese to be added to the Municipal Council and Council Committees, and possibly also for the employment of more Chinese in executive posts under the Council. This is a not unreasonable demand which foreign opinion would be prepared to meet. But, unfortunately, rightly or wrongly, foreign opinion has been exacerbated by what is deemed to be the attempt of the Chinese Government to make use of the judicial machinery of the Administration to obtain executive control over the Settlement. The result is that matters have now reached something very like a deadlock. It is to be hoped that the negotiations now in progress may result in some modification of the present constitution of the Court that will facilitate more harmonious co-operation between the Court and the Council.

Much has been written lately about the necessity of finding some solution of the problem of Shanghai, but if the analysis which has been here attempted of the nature of the problem is held to be valid the probability is that there is no solution.

Two solutions have been suggested. On the one hand the foreign community have at various times put forward the suggestion of a Free City. Under the plan of a Free City the executive and judicial branches of the Administration would derive their authority from the same source—the Court would become a Municipal

Court—and all difficulties of course would disappear. Unfortunately that solution is so impossible as to be fantastic.

The Chinese solution is equally simple: hand over the Settlement to complete Chinese control. This solution would equally heal the breach between the executive and the judiciary, but though this may be the ultimate destiny of the Settlement few people would deny that the time is not yet ripe for such a consummation. The Settlement must, therefore, continue to be governed under a constitution substantially on the present lines, namely, the executive deriving its authority from one source and the judiciary from another. So long, therefore, as the Settlement remains an International Settlement this problem must remain and it can only be prevented from becoming acute and exploding in crises by the cultivation of good relations and the exercise of tact and goodwill on both sides.

VIII

INTERNATIONAL ECONOMIC CO-OPERATION IN CHINA

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I

In all the eighteen years of our Republic the problem of China's economic development has not received thorough and comprehensive consideration and treatment. Destructive measures there have been, but little of a constructive nature. As a consequence our political well-being has been seriously affected. There has been increasing turmoil and endless civil strife, with the government powerless to remedy the situation. That it has taken China these many years since the Revolution of 1912 to achieve a strong government is to be attributed to her economic impotency. To a country in this condition the most urgent problem is economic rehabilitation and development. It should take precedence over political reconstruction, important as the latter is. If our people do not realize the significance of this fact and put the weight of the entire nation behind a plan for restoring the economic vitality of the country, then all our political schemes and ambitions will be doomed to failure and disappointment, however strenuously we work in that direction. We shall continually face the responsibility of upheavals of a politico-economic nature and there will be no permanent peace in the country.

The writer, therefore, is of the firm conviction that the study and solution of our national economic problems should be taken in hand immediately and not left behind political problems. He begs to present for discussion three important facts in the Chinese economic situation with the hope that as a result a reasonable and practical solution may be found.

A. CONCERNING THE BUDGET OF THE NATIONAL GOVERNMENT

According to the report of the Minister of Finance, T. V. Soong, given at the Disbandment Conference held in January of this year, the Budget of the Central Government for 1929 is as follows:

REVENUE

Salt Gabelle	$116,570,000
Maritime customs	192,330,000
Likin	76,280,000
Tobacco and wine tax	47,040,000
Stamp tax	12,930,000
Miscellaneous	12,570,000
Deficit	50,130,000
Total	$507,870,000

DISBURSEMENT

Party expenditures	$ 4,800,000
Governmental expenditures	95,420,000
Military expenditures	192,000,000
Local governmental expenditures (Deducted from provincial collections of national taxes, as by Yunnan, Kweichow, Szechuan, Sinkiang)	41,430,000
National debts and interest	$155,290,000
Miscellaneous	18,430,000
Total	$507,870,000

At that time, Minister Soong explained that the item on military expenditures was based upon the decision of the National Financial Conference and the National Economic Conference, namely, $16,000,000 a month. The Disbandment Conference in August of this year decided that the monthly figure should be $18,440,000 or $34,080,000 a year more than the budgeted sum. Thus the military expenditure would amount to $226,080,000. Further, according to Minister Soong's report, the establishment of the five Yuan will require for running expenses $1,000,000 a month. This sum would have to be added to the budget after it was passed by the Budget Committee. Therefore the sum of $12,000,000 should be added to the item on Governmental expenditures, thus making a total of $107,000,000 a year. In short, the total deficit would be increased to $95,210,000. We may then conclude that for the year 1929, according to Minister Soong's estimate, the total deficit of the Government Treasury will exceed $95,210,000. This does not include extraordinary expenditures that might arise during the year. Such is the financial situation the Government is facing.

Concerning the finances of the provinces, we are unable to make a reliable study owing to the lack of published data. But the case of Hopei Province may be taken as typical. On September 11, 1929, Chairman Hsu Yung-chang stated in a public interview that the monthly income of the province was $1,400,000 and the monthly expenditure, after recent reductions, $1,750,000. In other words, there would be a deficit of $350,000 monthly or $4,200,000 annually. Though we have no similar authoritative statements from responsible heads of other provinces, yet we know of no province where receipts and expenditures balance or where receipts exceed expenditures. The situation in Hopei Province obtains in the other provinces to a larger or smaller degree.

The above survey reveals a fundamentally precarious position that the finances of the central and the provincial governments are in, which calls for immediate rectification. Obviously, the governments will have no energy to spare for other undertakings such as a loan readjustment or new constructive projects.

B. CONCERNING RESERVE FUND FOR NATIONAL DEBTS

Some of China's national debts are secured on adequate funds to meet the payment of principal and interest as they come due. (See the provision for debt payment in the 1929 Budget given under "A"). The debts for which no such provisions have been made amount to a huge sum (payment for these debts are not included in the national budget as given by Minister Soong in January). The following statistics are taken from the annual report of the Finance Reorganization Commission for 1927:

1. Ministry of finance loans (figures for year ending Dec., 1925):

Foreign loans	$486,646,003.38	(calculated at the rate of $12 Chinese currency for 1 sterling and $2.40 for $1 U.S. currency)
Domestic loans	266,150,800.38	
Total	$752,796,803.76	

2. Ministry of Railways and Ministry of Communications loans (figures for year ending Dec. 1925):

Foreign loans*	$561,967,765.37	(calculated at the rate of $10 for 1 sterling and $2 for $1 U.S. currency)
Domestic loans	87,358,621.93	
Total	$649,327,286.30	

* About 20 to 30 per cent of the foreign loans have payment for principal and interest provided out of receipts of the railways.

The grand total for the two groups of loans above given is $1,402,123,191.06 as the principal and interest due at the end of 1925. For the present year (1929), adding the interest accrued in the four intervening years and excluding the portion of interest payment of which is covered by the income from the railways, the total indebtedness should be above $1,600,000,000.[1]

How is the Central Government to meet this huge indebtedness? From the account given under (A), we know that it is not covered in the national Budget. Once upon a time the hope was entertained that a portion of the maritime customs revenue might be ear-marked for this purpose. This possibility has to be excluded now, for since 1927 the National Government has at different times pledged all available revenue for the issuing of Government Bonds and Treasury Bonds. The amounts thus designated once reached the figure of $364,000,000, and now, deducting sums already redeemed, still remain around $300,000,000. Therefore, in the next few years it will not be possible to look to the customs surplus for meeting obligations on domestic and foreign loans. For this reason, it has not been possible for the Government to realize the long contemplated appointment of a Reorganization Commission on Domestic and Foreign Loans.

C. CAPITAL FUNDS FOR NATIONAL CONSTRUCTIVE UNDERTAKINGS

Being economically backward, China's need for capital funds for economic reconstruction is very great. But before contemplating new undertakings we should consider the necessity of rehabilitating existing enterprises that have been adversely and critically affected by internal wars:

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[1] There are no published reports on loans made by provincial and local governments but as far as the writer could ascertain such loans are of comparatively small amounts only.

1. Restoration of the government railways to their normal working efficiency;
2. Restoration of certain large industrial and commercial organizations, such as the China Steamship Navigation Co., Hangyehping Co., Chung Hsing Coal Mining Co., Luhokou Coal Mining Co., Lung-yen Iron Mfg. Co., and others.

The cost for the first item alone will, according to the estimate of Sun Fo, Minister of Railways, given at a press interview on August 22 of this year at Nanking, amount to $60,000,000. As to the second group, it is true the industrial enterprises mentioned above are not nationally owned, but the cost of rehabilitation will be so great that unless the Government comes to their help these individual enterprises have no hope of getting on their feet again. As to how much help will actually be needed, we have no way of finding out on account of the lack of published data.

So far the Government has not made public any concrete or comprehensive plan for the economic development of the country, but we have on record the programme proposed by Dr. Sun Yat-sen, as stated in his book, "The International Development of China":

I. The Development of a Communications System.
    (a) 100,000 miles of Railways.
    (b) 1,000,000 miles of Macadam Roads.
    (c) Improvement of Existing Canals.
        (1) Hangchow-Tientsin Canals.
        (2) Sikiang-Yangtze Canals.
    (d) Construction of New Canals.
        (1) Liaoho-Sunghwakiang Canal.
        (2) Others to be projected.
    (e) River Conservancy.
        (1) To regulate the Embankments and Channel of the Yangtze River from Hankow to the Sea thus facilitating Ocean-going Ships to reach that port at all seasons.
        (2) To regulate the Hoangho Embankments and Channel to prevent Floods.
        (3) To regulate the Sikiang.
        (4) To regulate the Hwaiho.
        (5) To regulate various other rivers.
    (f) The Construction of more Telegraph Lines and Telephone and Wireless Systems all over the Country.

II. The Development of Commercial Harbors.
    (a) Three largest Ocean Ports with future capacity equalling New York Harbor to be constructed in North, Central and South China.
    (b) Various small Commercial and Fishing Harbors to be constructed along the Coast.
    (c) Commercial Docks to be constructed along all navigable rivers.

III. Modern Cities with public utilities to be constructed in All Railway Centers, Termini and alongside Harbors.

IV. Water Power Development.

V. Iron and Steel Works and Cement Works on the largest scale in order to supply the above needs.
VI. Mineral Development.
VII. Agricultural Development.
VIII. Irrigation Work on the largest scale in Mongolia and Sinkiang.
IX. Reforestation in Central and North China.
X. Colonization in Manchuria, Mongolia, Sinkiang, Kokonor, and Thibet.

We have already seen under (A) that the Government revenues can yield no surplus over expenditures, and under (B) that the Government has not been able to meet its existing obligations. This being so, it will not be easy to raise new loans of any appreciable size. For instance, a comparatively small sum of $60,000,000 is required to rehabilitate our government railways, and yet the National Government has not been able so far to secure the amount.

II

Summarizing the review of existing conditions the writer wishes to call attention to three important points:

(1) The lack of adequate government revenue bears directly upon the strength and stability of the Government. Aside from the necessity of reorganizing the Budget, attention should be centered upon the economic development of the country and the increasing of the per capita wealth of the people so as to multiply the sources of government revenue. A reckless increase of taxes or promiscuous issuing of government bonds will be suicidal.

(2) Unless we can adequately meet our existing indebtedness, our credit will undoubtedly suffer and there will be difficulty in attempting to raise funds for new enterprises. At the same time the only way to increase our ability to meet our indebtedness is to develop our economic resources. Therefore these two matters—economic development and loan redemption—should be considered and taken in hand simultaneously.

(3) To be successful in attracting capital for the new economic development of the country, two prior conditions should be fulfilled, namely, stability of the Government and the rebuilding of its credit. The stability of the Government will depend upon its ability to keep itself financially solvent, and the credit of the Government will depend upon its willingness to meet its existing indebtedness. These matters are involved with one another and should be considered together.

In view of these three points, the writer holds the opinion that the way for China to deal with the situation she finds herself now in, is to take all the important facts as reviewed under (A), (B) and (C) to heart, formulate a comprehensive but practical programme of economic reconstruction that will meet the situation, then proceed to secure the necessary funds and carry out the plan with absolute sincerity and good faith. In this way we may overcome our economic difficulties and hope for the establishment of a strong government and a sound political life in the near future.

Our next question is, who should be entrusted with the creation of this comprehensive economic plan for China? In order to answer this question, we need to ask a prior one: From where do we expect to raise the required funds? Do our own Chinese people have the financial resources sufficient to support the economic programme? The writer's own judgment is that if in addition to the enormous agricultural resources that China has in the 1,570,000,000 *mou* of developed farm land (as reported by the Ministry of Agriculture and Commerce 1914), she had a good currency that circulated freely and effectively throughout the land and a banking organization that could command and centralize the fiscal resources of the whole country, we might reasonably concede to China the ability single-handed to undertake the financing of her economic rehabilitation. But with her present imperfect currency and banking organization, this is out of the question. As an illustration of the present situation the following case may be given. The Government Bonds, as calculated on the basis of current prices, actually bear a monthly interest of 10 per cent, and in most industrial investments, the annual rate of interest is also around 10 per cent. In a money market where such high rates of interest obtain, the possibility of raising funds of sufficient amount to finance the economic rehabilitation programme of China is practically nil, leaving aside the question of the profitableness of the investment. The writer believes therefore, that international co-operation in this undertaking is indispensable. Dr. Sun in his "The International Development of China" advocated such international co-operation. This does not mean that China could not do anything alone, but if we consider our present and pressing needs, the earlier international co-operation is secured, the better it will be for the country, and for all concerned.

A further question is, "How such international co-operation may be secured?" Historically considered, nations that are not economically and politically strong often have to grant certain political and economic concessions in exchange for the help of foreign capital. This has been so in the case of most of our own foreign loans. But present-day national sentiment will not tolerate international assistance of this type. For this reason a deep-seated suspicion lingers in the minds of the Chinese people towards any proposal for international co-operation in China.

Fortunately since the World War, a new form of international co-operation has been created in place of the old. This is for a country in need of assistance to invite a group of economists to make an impartial and thorough study of her condition and on the basis of the study, draw up a plan of rehabilitation in which foreign capital can participate as a purely business proposition. Germany, Austria and Greece have already made use of this method and have been profited by it. Special conditions may necessitate modification ot this method when applied to China, but it is one that deserves our careful study.

The writer believes that both foreign and Chinese capital should be welcomed in the economic development of China, but to do this, the economic policy to be adopted should be acceptable to investors at home and abroad, the safe and profitable nature of the investment should be insured, and the proper and faithful carrying out of the programme guaranteed. Since we have to rely upon international co-operation, any plan that we adopt should be the result of careful study and deliberation by an internationally organized and competent body of experts. (Of course, Chinese participation in such a body will be necessary and desirable.)

This will win the confidence of prospective investors. Thus Dr. Sun in his "The International Development of China" wrote:

> In order to carry out this project successfully I suggest that three necessary steps must be taken: First, that the various Governments of the Capital-supplying Powers must agree to joint action and a unified policy to form an International Organization with their war work organizers, administrators, and experts of various lines to formulate plans and to standardize materials in order to prevent waste and to facilitate work. Second, the confidence of the Chinese people must be secured in order to gain their co-operation and enthusiastic support. If the above two steps are accomplished, then the third step is to open formal negotiation for the final contract of the project with the Chinese Government.

This book was written in December, 1918. At that time the League of Nations and the new form of international economic co-operation had not yet made their appearance in the world, but Dr. Sun foresaw the necessity of some new formula in international dealings and advocated it on behalf of China. He was right in proposing, first, the formation of an international organization, and secondly, the winning of the confidence of the Chinese people, as necessary steps. Unfortunately, in all the eleven years, our people have not paid serious attention to Dr. Sun's proposal or studied the new formula in international economic co-operation.

III

In order to clarify our thinking, the writer begs to lay before the public the following proposition for the purpose of promoting the early realization of international economic co-operation in China and of winning the confidence and support of all nations:

The Government of China will request the League of Nations to appoint an international group of outstanding economists and financiers to form an International Commission on the Economic Development of China. This Commission will make its own investigation of conditions within a definite period of time and draw up a plan acceptable to the people of China and will have charge of the raising of funds from Chinese and foreign investors for the carrying out of the plan at an early date.

Such a Commission will have as initial members Chinese experts and will also include nationals of countries not now in the League of Nations. We naturally expect American experts to be among them.

A few explanations are called for. Should only Chinese experts be appointed to draw up the new plan for our economic development, or should the Government of China herself appoint an international group of experts, the writer fears that under both conditions it will be difficult to win the full confidence of the investors. The League is an international organization for the promotion of peace and goodwill among nations and China herself is one of the constituent members. A Commission appointed by such a body will not be open to misunderstanding and because of its impartial and independent position, it will enjoy public trust more fully than one appointed by one government or a combination of governments.

However, the writer does not wish to leave the impression that the League alone will be competent to undertake the task. It is possible that another international organization might arise in the future that would have the influence and competence that the League now enjoys, or the experience and record of successful achievements in the field of international economic co-operation that it possesses. But at present outside of the League, no such international agency exists. Hence the proposal to make use of the League.

The experts who will be entrusted with this gigantic task should, of course, be internationally well-known men and outstanding figures in the public mind, at the same time enjoying the full confidence of the financial and banking world. With such a Commission working on a comprehensive, scientifically formulated, progressive and practical plan of economic development, public support and ultimate success are assured. In proposing this the writer is doing little more than echoing the views years before voiced by our late leader, Dr. Sun. However, whether or not such a proposal could be actually carried into effect will depend upon whether or not the people of China and the peoples of other lands are agreed on certain points which I will proceed to mention:

(1) The Chinese people should understand that international economic co-operation is fundamentally different from international economic exploitation.

(2) The Chinese people should understand that the League of Nations, of which China herself is a member, is an organization for the promotion of international peace and goodwill and not a combination of governments for selfish aggression. International co-operation through the agency of the League, therefore, is not the same as international control of national economics or finances. Precedents have already been established in the case of Austria and Greece.

(3) The Chinese people should realize that our chaotic financial condition is fast approaching the stage of bankruptcy. Financial rehabilitation is an immediate necessity that cannot any longer be put off. We have to rely upon international assistance. Therefore it is up to us to show a broad-minded attitude toward international co-operation and whole-heartedly to consider practical means for such co-operation. No empty words will attract international support.

(4) The Chinese people should with confidence accept the plan of the experts and see that the Government faithfully carries out the plan. For this purpose an organ of public supervision should be created at the time when the plan is put into effect.

(5) Foreign nations should understand that while the Chinese people are opposed to foreign capital of a political nature, they welcome purely financial investments from abroad.

(6) Foreign nations should understand that the Chinese people do not approve of government investments the safety and redemption of which are not properly guaranteed. Such investments injure both the investors and the country involved.

(7) Foreign nations should understand that China's political unrest in recent years is a temporary phenomenon and not a permanent condition. Our unbroken history of 5,000 years bears testimony to this. With sound economic policy and progressive application, China will in time create a stable and strong government.

(8) Foreign nations should understand that international co-operation for

China's economic development will greatly contribute to the peace of the world, particularly to peace in the Pacific area. This in itself should constitute a strong appeal for their united support to all lovers of world peace.

The writer has presented this discussion of a difficult subject with the utmost sincerity and frankness and hopes that it will be received by the readers in a sympathetic and friendly spirit.

IX

THE BOYCOTT IN CHINA

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One of the most important questions demanding careful study by the members of this Institute is the effect upon friendly international relations and commercial intercourse, arising from the application of the boycott as a weapon to compel acceptance of a national viewpoint. During the past twenty years, China, on several occasions, has appealed to this weapon to support and enforce her diplomatic demands, until today it may fairly be said that China has renounced open warfare as an instrument of national policy in favour of the more silent but equally disastrous method of inflicting damage upon those nations who from time to time incur her ill will. Although the boycott as an instrument of national policy has been resorted to by China more frequently in the past two decades in order to coerce Japan, it is well to recall that the weapon was first wielded by China in 1905 against American trade as a protest against the provisions of the new Sino-American Treaty. The boycott principle was also invoked in 1925 in order to penalize British trade in China in connection with the May 30th incident.

The original American boycott was followed three years later by applying the same methods in retaliation for Japan's demands for an apology and indemnity arising out of the Tatsu Maru case. Since that date, five distinct and well organized national boycotts against Japan have been enforced in China.

The Tsinan incident of May, 1928, provided another occasion for Chinese authorities and propagandists to penalise Japan by the application of a boycott enforced through a multiplicity of anti-Japanese organisations in Central and Southern China. In this instance, the boycott principle was not confined to China alone, but was rigidly enforced in every country where the Chinese trader had established himself. Especially was this the case in the South Seas. The intensity of the boycott in Shanghai and Central China cities was actually surpassed by the violence of the movement in Singapore, Bangkok and other South Sea ports, thus extending the sphere and scope of these activities to neutral countries where by reason of their strong commercial position, the Chinese were able to enforce their policy.

The difficulties and delays surrounding the diplomatic settlement of the Tsinan incident, and the lack of sincere preventive efforts on the part of the Chinese authorities, provided the opportunity to intensify the movement, until by last November the boycott was rampant in all parts of the country. The dispute between China and Russia over the Chinese Eastern Railway in July of this year was followed by a marked diminution of anti-Japanese agitation in many parts of the country.

The boycott finally came to an end in August last, when the Nanking Government prohibited direct action by anti-Japanese organisations having for their aim the boycott of Japanese merchandise. On the other hand, there are discernible traces of the same Government having issued secret instructions to disrupt economic intercourse with Japan, but so far this movement has shown no appreciable results.

Japan's trade with China has been seriously affected as the result of the prolonged activities of anti-Japanese societies operating in all provinces of the country. Japan's exports to China for the seven months, June to December, 1928 (this is, after the enforcement of the boycott in June), showed a total of Yen 96,000,000 against Yen 120,000,000 for the corresponding period of 1927, a decrease of Yen 24,000,000.

Japanese shipping companies engaging in the Yangtze River and coastal trade of China were heaviest sufferers as the result of the boycott. Some of those companies lost more than 60 per cent of their normal business. Japanese spinning mills in Shanghai and Tsingtao were also subject to various disadvantages including the discriminatory treatment of their products and in consequence had to suffer a financial loss.

Most of the sugar, match, soap and leather factories operated by Japanese were compelled to suspend operations or to work shorter hours. All Japanese merchants without exception in China suffered financially through breach of contract by the Chinese merchants and also through their inability to collect accounts due for merchandise sold. The smaller Japanese merchants and shopkeepers have also been subjected to many hardships and difficulties. Other damages of various descriptions can be enumerated as follows:

A. Damages due to the accumulation of stocks (including interest, storage, insurance charges, charges on deferred bills, loss of profits due to recourse and special accommodations).

B. Damages due to the decrease of sales volumes.

C. Damages due to forced sales to meet financial necessities.

D. Damages due to speculative stocking in order to continue the business or for financial reasons.

E. Stoppage of inquiries for fresh business.

F. Damages due to the detention or forfeiture of merchandise in transit.

G. Damages due to the appearance of substitutes (the creation or extension of Chinese industries, the inroad of foreign made articles).

H. Damages due to the violation of trade mark rights or to the abandoning of established trade marks.

Though the Nationalist Government claims that the anti-Japanese movement, being of a purely patriotic nature, can not and should not be suppressed, there is ample proof that those who instigate, direct and execute these boycotts are all members of the Nationalist Party. As the Nationalist Party is the Nationalist Government, the latter's contention in defense of its position is somewhat incomprehensible.

In this connection, I shall cite a few cases of the many on record, where the Chinese authorities have participated in anti-Japanese boycott movements. At

Peiping, the members of the Executive Committee of the Anti-Japanese Society were appointed on October 19, 1928, by the municipal government. At Nanking, the Headquarters of the Nanking Garrison and the Central Military Academy were named as the supervising Committee of the Nanking Anti-Japanese Society. According to information received in February, 1929, the Municipal Government of Peiping is granting a monthly subsidy of $200 and the Provincial Government an unknown amount to the Peiping Anti-Japanese Society. Also, at Peiping, Chinese policemen frequently helped the members of the anti-Japanese Society to arrest or examine the purchasers of Japanese goods.

The reaction of the Japanese people to these unwarranted activities has been one of deep resentment. Feeling in some quarters has run very high. It has been advocated that, inasmuch as the Nationalist Government could not or would not protect Japanese commerce from the outrages and depredations of the mobs, resident Japanese should adopt such measures of self-defence as they might deem proper, some even openly advocating retaliation.

In view of these facts, it would seem that the continued application of the boycott as an instrument to settle international disputes is not only highly provocative and unjust in the light of accepted principles of international intercourse between friendly peoples, but, if war is to be condemned as an instrument of national policy, so also must the boycott be outlawed. Otherwise, perfect international peace can never be realised.

I trust that these few brief remarks will help to invite attention to the menace to international peace and good-will involved in employing the organized boycott as a weapon to enforce respect for a national policy. The subject has many ramifications. I would like to hear it discussed frankly and impartially at this Round Table so that we can view it from all its angles and be able to apply intelligently the knowledge so gained to the solution of the present situation, for the benefit of all parties concerned.

X

MANCHURIA: A STATISTICAL SURVEY OF ITS RESOURCES, INDUSTRIES, TRADE, RAILWAYS, AND IMMIGRATION

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INTRODUCTION

In discussing matters concerning Manchuria, one may well begin with a statement of what he means by that territory. As the term is now used by the Chinese and commonly understood by most of the western writers, Manchuria indicates those three northeastern provinces of China, namely, Fengtien,[1] Kirin, and Heilungkiang, including the Kwantung Territory which is now under a Japanese lease. But this is not the Manchuria that used to be. Originally, Manchuria, meaning the Land of the Manchus, was an agglomeration of petty Manchu principalities lying to the northeast of the Great Wall and the east of Mongolia. It was then independent of China, ruled first by such lesser dynasties as Liao and Kin and later by the House of Aisin-Gioro which in the course of time welded the whole territory into a powerful empire and, pushing its way gradually south, conquered China proper and established at Peking in 1644 the Tsing Dynasty which ruled over the Chinese Empire until the establishment of the Republic in 1912. At the time of its union with China, Manchuria included a much larger area than at present, though with boundaries indefinitely demarcated. Sections of the present Amur and Maritime Provinces of Russia were then a part of Manchuria as later evidenced in the Treaty of Nerchinsk concluded between Russia and China in 1689.[2] It was not until 1858–1860 when Russia, taking advantage of the delirious position China was in during her wars with England and France, forced the government at Peking to accept her terms of changing the northeastern frontiers so that the great territory in the Amur and Maritime Provinces, which, according to the Chinese text of the treaty of 1689, was about four-fifths of the size of Manchuria of the present day, passed into the hands of the Russians, thus leaving the territory much smaller than it originally was.[3] During the last decades of the Tsing Dynasty, the administrative areas of the Three Eastern Provinces were frequently changed. The final step in delimiting the boundaries of the territory was not completed until 1907 when the Imperial Court at Peking, in view of the dangers of foreign encroachment, finally issued orders to replace the military governorship with a viceroyalty and reorganised the administrative machinery of the entire territory in order to promote its development. Thus partly through diplomatic concessions and partly through administrative reorganisation, Manchuria as a Chinese territory has evolved from a loosely defined dominion into a group of clearly demarcated provinces. In the following pages we shall use Manchuria to cover that territory which is now known as the Three Eastern Provinces of China, namely, Fengtien, Kirin, and Heilungkiang, including the Kwantung Leased Territory, and survey statistically its resources, industries, trade, railways, and immigration.

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[1] The name of this province has been recently changed to Liao-ning. But as Fengtien is a more familiar name, it will be used in this paper.

[2] China—the Maritime Customs, *Treaties, Conventions, etc., between China and Foreign States* (2d ed., 1917), Vol. I, pp. 3–13.

[3] See Treaty of Aigun, 1858, and Treaty of Peking, 1863 (*ibid.*, pp. 81–84, 101–120).

I. AREA

The land of Manchuria has never been completely surveyed. All the information concerning its area is therefore available only in the form of estimates. These estimates, though different, are fortunately not so much so as to render it utterly hopeless for one to draw a conclusion more or less approaching the truth. Table I shows the estimates most commonly referred to.

TABLE I

Estimates of the Total Area of Manchuria

Source	Square Miles
Little, A.[*]	280,000
Hosie, A.[†]	360,000
Krausse, E. A.[‡]	362,310
Far Eastern Geographical Establishment[§]	363,000
Chinese Government [‖]	363,610
Philip, G.[¶]	363,610
Statesman's Yearbook[**]	363,610
The China Yearbook[††]	363,700
Encyclopedia Sinica[‡‡]	363,700
Keane, A. H.[§§]	364,000
The South Manchuria Railway Company [‖ ‖]	384,007
Encyclopedia Britannica[¶¶]	390,000
The Chinese Eastern Railway[***]	399,833

[*] *The Far East* (1905) p. 158.
[†] *Manchuria* (1904) pp. 143–150.
[‡] *The Far East* (1900) p. 3.
[§] *The New Atlas and Commercial Gazetteer of China* (2d ed., 1918) p. 1.
[‖] Ministry of Interior (Mingchengpu) 1910.
[¶] *Philip's New Handy General Atlas and Gazetteer* (1912), p. 167.
[**] 1928, p. 752.
[††] 1927, p. 3.
[‡‡] 1917, p. 324.
[§§] *Asia*, Vol. 1 (1906).
[‖ ‖] *The Statistical Year Book* (1926). pp. 220-228.
[¶¶] 11th ed., 1911, Vol. XVII, p. 552.
[***] *North Manchuria and the Chinese Eastern Railway* (Chinese ed., 1927), pp. 13–17.

As shown in the table, the lowest estimate of the area of Manchuria is by Little, 280,000 square miles, and the highest by the Chinese Eastern Railway, 399,833 square miles, a discrepancy of 119,833 square miles. Most of the estimates vary between 362,000 and 364,000 square miles, centering around 363,610 which is the official estimate announced by the Chinese government in 1910. In view of the time the older estimates were made and the tendency to increase in the later ones, it is safe to conclude that the former are most likely underestimates. For use in this paper a round number of 380,000 square miles may be reasonably adopted as the probable area of Manchuria. With its area thus estimated Manchuria is four and a half times the size of Great Britain, over 190,000 square miles larger than Japan and all her dependencies, about equal to five of the great wheat belt states of the United States, namely Minnesota, North Dakota, South Dakota, Nebraska, and Kansas, and only 14,000 square miles less than Germany and France combined. It is an immense territory with great possibilities awaiting development.

Of the areas of the three individual provinces which comprise Manchuria, estimates are less common and also more divergent. For the province of Fengtien the estimates, as recorded in Table II, run from 50,000 to 105,000 square miles. For Kirin they vary between 90,000 and 105,942 square miles, while in the case of Heilungkiang they have as their lower and upper limits the figures 140,000 and 208,108 square miles respectively.

TABLE II

Estimates of the Areas of the Three Eastern Provinces

(In Square Miles)

Source	Fengtien	Kirin	Heilungk.	Manchuria
Little, A.[*]	50,000	90,000	140,000	280,000
Hosie, A.[†]	60,000	110,000	190,000	360,000
Philip, G.[‡]	56,000	105,000	202,610[§]	363,610
Statesman's Yearbook[‖]	56,000	105,000	203,000	363,610[¶]
South Manchuria Ry. Co.[**]	83,546	95,737	204,724	384,007
Encyclopedia Britannica[††]	105,000[§]	90,000	195,000	390,000
Chinese Eastern Railway[‡‡]	85,783	105,942	208,108	399,833

[*] *Op. cit.*, p. 158.

[†] *Op. cit.*, pp. 143–150.

[‡] *Op. cit.*, pp. 90, 140.

[§] Imputed by the writer.

[‖] 1928, p. 752.

[¶] The reason why this total does not agree with the sum of the areas of the three individual provinces is that the *Yearbook* has given these areas in merely approximate figures.

[**] *The Statistical Yearbook* (1926), pp. 220–228.

[††] 11th ed., Vol. XVII, p. 552.

[‡‡] *North Manchuria and the Chinese Eastern Railway* (Chinese ed., 1927), pp. 13–17.

In face of these widely different estimates, it is evident that there is no safe guide for one to follow, selection being a matter of personal choice. The probable area of Manchuria being assumed to be 380,000 square miles, we may adopt for future discussions the following round numbers as the probable areas of the three individual provinces:

	Sq.Mi.
Fengtien	83,000
Kirin	93,000
Heilungkiang	204,000
Manchuria	380,000

II. RESOURCES

Manchuria, as a region of economic resources, is one of the choicest spots in the world. Though recently known and newly exploited the immensity of its potential wealth has already impressed all. With huge mountain ranges, long navigable rivers, and large fertile valleys, it is rich in all kinds of agricultural, animal, forest, and mineral products. Many of the reports and estimates of this potential wealth are exaggerated, and some even to the extent of approaching the legendary. But after making due allowance for these misrepresentations, one will still have to admit that Manchuria is a land of rich resources. It is these resources that have transformed the territory from an unknown land into a centre of world interest.

AGRICULTURE

Among all the resources of Manchuria that of agriculture ranks first in importance. The territory is located between 38° and 54° north latitude and 115° and 135° east longitude. In spite of its northerly location, it possesses a continental climate, both wholesome and stimulating. The annual rainfall which averages 24 inches in the south and 17 inches in the north is none too abundant when compared with that of some other agricultural regions, but its seasonal distribution is such as to make most crops possible during the growing season.

The cultivable land in Manchuria, according to a recent estimate of the South Manchuria Railway Company, is about 55 million acres, 22.6 per cent of the area of the whole region. Of this total acreage, slightly more than half, 28 million, is now under cultivation while the rest remains unexploited. The details of this estimate are given in Table III:

TABLE III

The Cultivable, Cultivated, and Uncultivated Land in Manchuria, 1927

	Fengtien		Kirin		Heilungk.		Manchuria	
	Million Acres	%	Million Acres	%	Million Acres	%	Million Acres	%
Total area....	53.1	100.0	59.5	100.0	130.6	100.0	243.2	100.0
Cultivable....	19.1	36.0	15.3	25.8	20.5	15.7	54.9	22.6
Cultivated....	12.7	23.8	8.6	14.4	7.2	5.6	28.5	11.7
Uncultivated..	6.5	12.1	6.8	11.4	13.2	10.1	26.5	10.9

* The Statistical Society of Japan, *Diagrams of Current Statistics*, Vol. II, Part 3 (1928), Table 17.

It is to be noticed in the table above that of the three provinces in Manchuria Fengtien is the most developed in agriculture. It has a cultivable area of 19.1 million acres which is 36 per cent of the total area of the province. Its cultivated area has reached 12.7 million acres, being 23.8 per cent of the total area and about two-thirds of the land that is cultivable. Kirin occupies a second place in the comparison. Of its total area 25.8 per cent is now estimated to be cultivable, that is, 15.3 million acres. The cultivated land is 8.6 million acres, being 14.4 per cent of the total area and more than half of the cultivable. Heilungkiang is a comparatively undeveloped province in this respect. Though it has the largest cultivable area of all, 20.5 million acres, only 7.2 million acres are under cultivation which constitute less than 6 per cent of the total area and just one-third of the land that is cultivable. Considering the fact that Manchuria has at present about half of its cultivable land still uncultivated, a great development of agriculture in the future can be predicted; and considering the stages of development that agriculture has reached in the different provinces, it is likely that this development will take place more extensively and more rapidly in the north than in the south. Table IV which contains the estimates obtained from several sources of the cultivated land in the three provinces as a whole and its percentage comparison with the cultivable, can be taken as a rough indication of the agricultural development in Manchuria during the past fifteen years.

TABLE IV

INCREASE OF CULTIVATED LAND IN MANCHURIA

(In Million Acres)

Year	Cultivated	Cultivable	Per cent of the Cultivable
1914	19·7*	54·9¶	35·9
1915	19·3*	54·9¶	35·1
1916	19·3†	54·9¶	35·1
1917	24·8‡	54·9¶	45·1
1918	25·1§	54·9¶	45·7
1922	26·1‖	54·9¶	47·5
1923	26·7‖	54·9¶	48·6
1924	27·4‖	54·9¶	49·8
1925	27·9‖	54·9¶	50·9
1926	28·5‖	54·9¶	51·9
1927	28·5¶	54·9¶	51·8

* China—Ministry of Agriculture and Commerce. *The Statistical Yearbook of Agriculture and Commerce* (1915), p. 1.

† *Ibid.* (1916), p. 1.

‡ *Ibid.* (1917), p. 1.

§ *Ibid.* (1918), p. 1.

‖ Kuma Takeshi, *The Politico-Economic Value of North Manchuria* (1923), pp. 268–273.

¶ See p. 4, n. 1, for reference.

The crops produced in Manchuria in the present stage of its agricultural development are chiefly cereals. Both in quantity of production and in acreage of cultivation, they exceed by far all other crops. Indeed, Manchuria has the climate and soil suitable for practically all kinds of plants to grow, and it is for this reason that efforts have been made frequently to introduce new crops. Cotton, flax, hemp, jute, tobacco, sugar beets, potatoes, apples, pears, grapes, etc., are now being grown in the three provinces. But for one reason or another all of them are only cultivated to a limited extent and when compared with the cereals they become quite insignificant. In considering the agricultural products of Manchuria, one may therefore be excused for confining one's attention to the cereals. Tables V, VI, VII, and VIII give a detailed account of the production and acreage of cultivation of the main crops with percentage comparisons.

Soya bean is the most important crop in Manchuria. Of the total world

TABLE V

PRODUCTION OF MAIN CROPS IN MANCHURIA

(In Million Bushels)

		Barley	Soya Beans	Maize	Millet	Rice	Sorghum	Wheat	Total
1914*	Fengtien......	1.6	18.6	9.9	2.2	2.7	71.4	2.2	108.6
	Kirin.........	3.3	13.4	7.9	4.6	.2	11.2	5.0	45.6
	Heilungkiang...	4.2	7.9	3.7	6.4	.03	3.4	5.5	31.1
	Manchuria.....	2.1	39.9	21.5	13.2	2.9	86.0	12.7	185.3
1915*	Fengtien......	1.4	17.3	9.9	2.2	2.7	71.5	2.1	107.1
	Kirin.........	3.1	7.8	4.0	4.5	.6	5.9	5.0	30.9
	Heilungkiang...	7.8	7.6	2.6	6.4	.03	3.6	4.1	32.1
	Manchuria....	12.3	32.7	16.5	13.1	3.3	81.0	11.2	170.1
1916†	Fengtien......	1.5	17.5	9.9	2.2	2.7	78.2	2.1	114.1
	Kirin.........	6.7	9.2	3.1	4.6	.6	7.4	7.9	39.5
	Heilungkiang...	4.8	9.9	4.4	6.4	.03	4.0	6.6	36.1
	Manchuria....	13.0	36.6	17.4	13.2	3.3	89.6	16.6	189.7
1917‡	Fengtien......	1.1	9.2	9.4	2.3	1.3	78.7	1.6	103.6
	Kirin.........	3.1	11.9	3.5	4.5	.4	7.4	5.9	36.7
	Heilungkiang...	4.3	12.6	5.6	6.4	.03	5.3	7.7	41.9
	Manchuria....	8.5	33.7	18.5	13.2	1.7	91.4	15.2	182.2
1918§	Fengtien......	1.1	9.3	9.2	2.2	1.3	75.2	1.6	99.8
	Kirin.........	3.2	12.4	5.3	5.3	.8	11.7	3.1	41.9
	Heilungkiang...	3.9	10.6	5.5	7.1	.04	6.8	8.6	42.5
	Manchuria....	8.2	32.3	20.0	14.6	2.1	93.7	13.3	184.2
1921‖	Fengtien......	4.7	46.1	25.8	44.5	5.8	79.8	8.5	215.2
	Kirin.........	5.1	23.0	23.4	23.7	2.6	37.3	8.2	123.3
	Heilungkiang...	7.2	19.6	11.3	14.4	.0	8.2	14.4	75.1
	Manchuria....	17.0	88.7	60.5	82.6	8.4	125.3	31.1	413.6
1923¶	Fengtien......	3.6	57.2	31.1	41.3	6.2	51.2	5.3	195.9
	Kirin.........	5.2	35.0	28.3	15.8	2.7	60.5	12.7	160.2
	Heilungkiang...	3.8	26.1	9.0	6.9	.1	23.6	10.5	80.0
	Manchuria....	12.6	118.3	68.4	64.0	9.0	135.3	28.5	436.1
1924**	Fengtien......	2.6	49.3	27.0	35.7	5.8	84.9	3.8	209.1
	Kirin.........	3.8	35.7	14.9	23.0	2.7	33.8	10.5	124.4
	Heilungkiang...	8.1	29.7	6.1	22.3	.1	18.7	6.8	91.8
	Manchuria....	14.5	114.7	48.0	81.0	8.6	137.4	21.1	425.3
1925††	Fengtien......	4.8	51.9	36.2	41.9	10.9	89.1	4.4	239.2
	Kirin.........	8.2	63.2	24.5	52.3	8.1	56.5	18.1	230.9
	Heilungkiang...	3.7	28.2	11.9	31.4	.1	26.1	11.6	113.0
	Manchuria....	16.7	143.3	72.6	125.6	19.1	171.7	34.1	588.1
1926‡‡	Manchuria....	15.5	111.6	62.9	123.5	16.9	143.7	36.3	510.4
1927§§	Manchuria....	14.9	158.7	69.5	133.9	19.8	173.6	34.8	605.1

* China—Ministry of Agriculture and Commerce, *op. cit.* (1915), pp. 51–55.

† *Ibid.* (1916), pp. 44–45.

‡ *Ibid.* (1917), pp. 98–109.

§ *Ibid.* (1918), pp. 94–105.

‖ Manchuria Enlightening Society, *Yearbook of Manchuria-Mongolia* (1922), pp. 524-535.

¶ *Ibid.* (1924), pp. 569–576.

** *Ibid.* (1925), pp. 645–652.

†† *Ibid.* (1926), pp. 515–523.

‡‡ *Ibid.* (1927), p. 476 (reduced to provincial basis).

§§ *Ibid.* (1928), p. 489 (reduced to provincial basis).

production of 250 million bushels, more than half comes from the land of the Three Eastern Provinces. In quantity of production soya bean in Manchuria is second to sorghum. But because of its higher value and of its being an international commodity, it surpasses the latter in importance. The annual production of soya beans

TABLE VI

PERCENTAGE COMPARISONS OF THE PRODUCTION OF MAIN CROPS IN MANCHURIA

(Total of the 7 Crops as 100%)

		Barley	Soya Beans	Maize	Millet	Rice	Sorghum	Wheat	Total
1914	Fengtien	1.4	17.1	9.2	2.0	2.5	65.8	2.0	100.0
	Kirin	7.2	29.5	17.3	10.0	.5	24.6	10.9	100.0
	Heilungkiang	13.6	25.5	11.8	20.5	.1	10.8	17.7	100.0
	Manchuria	4.9	21.6	11.6	7.1	1.6	46.4	6.8	100.0
1915	Fengtien	1.3	16.2	9.3	2.1	2.5	66.7	1.9	100.0
	Kirin	10.2	25.2	12.8	14.7	1.9	19.0	16.2	100.0
	Heilungkiang	24.3	23.6	8.2	19.9	.1	11.2	12.7	100.0
	Manchuria	7.3	19.2	9.7	7.7	1.9	47.6	6.6	100.0
1916	Fengtien	1.0	9.0	9.0	2.2	1.2	76.0	1.6	100.0
	Kirin	17.2	23.2	7.9	11.5	1.5	18.7	20.0	100.0
	Heilungkiang	13.2	27.3	12.2	17.7	.1	11.2	18.3	100.0
	Manchuria	6.9	19.3	9.2	6.9	1.7	47.2	8.8	100.0
1917	Fengtien	1.3	15.3	8.7	2.0	2.4	68.5	1.8	100.0
	Kirin	8.5	32.3	9.6	12.3	1.1	20.2	15.0	100.0
	Heilungkiang	10.3	29.9	13.4	15.3	.1	12.7	18.3	100.0
	Manchuria	4.7	18.5	10.2	7.2	.9	50.2	8.3	100.0
1918	Fengtien	1.1	9.3	9.1	2.2	1.3	75.4	1.6	100.0
	Kirin	7.6	29.6	12.8	12.7	2.0	28.0	7.3	100.0
	Heilungkiang	9.3	25.0	13.0	16.6	.1	15.9	20.1	100.0
	Manchuria	4.5	17.6	10.9	7.9	1.1	50.8	7.2	100.0
1921	Fengtien	2.2	21.4	12.0	20.7	2.7	37.1	3.9	100.0
	Kirin	4.2	18.6	19.0	19.2	2.1	30.2	6.7	100.0
	Heilungkiang	9.6	26.2	15.0	19.1	.0	10.9	17.2	100.0
	Manchuria	4.1	21.4	14.7	20.0	2.0	30.3	7.5	100.0
1923	Fengtien	1.8	29.2	15.9	21.1	3.2	26.1	2.7	100.0
	Kirin	3.3	21.9	17.7	9.8	1.7	37.7	7.9	100.0
	Heilungkiang	4.8	32.6	11.3	8.6	.1	29.6	13.0	100.0
	Manchuria	2.9	27.1	15.7	14.7	2.1	31.0	6.5	100.0
1924	Fengtien	1.2	23.6	12.9	17.1	2.8	40.6	1.8	100.0
	Kirin	3.1	28.7	12.0	18.5	2.1	27.1	8.5	100.0
	Heilungkiang	8.8	32.3	6.7	24.3	.1	20.3	7.5	100.0
	Manchuria	3.4	26.9	11.3	19.1	2.0	32.3	5.0	100.0
1925	Fengtien	2.0	21.7	15.1	17.5	4.6	37.2	1.9	100.0
	Kirin	3.6	27.4	10.6	22.6	3.5	24.5	7.8	100.0
	Heilungkiang	3.2	25.0	10.5	27.8	.2	23.1	10.3	100.0
	Manchuria	2.9	24.6	12.4	21.5	3.3	29.4	5.9	100.0
1926	Manchuria	3.0	21.9	12.3	24.2	3.3	28.2	7.1	100.0
1927	Manchuria	2.5	26.2	11.5	22.1	3.3	28.7	5.7	100.0

in 1914 according to the report of the Chinese government was 39.9 million bushels. The amount increased to 158.7 million bushels in 1927 which is four times that of 1914. In area of cultivation soya bean occupied 4,165,000 acres in 1914, but in 1927 the acreage reached 7,620,000 (almost twice). In comparison with other crops soya bean has gained in importance. In 1914 its production was 21.6 per cent of the total production of the main crops, while in 1927 the percentage increased to 26.2. Percentage of acreage of cultivation showed the same tendency to increase. For 1914 the figures were 26.0 per cent while for 1927 they were 31.3 per cent. In regard to regional distribution Fengtien used to be the chief producer of beans. Recent opening up of the country and development of agriculture have, however,

TABLE VII

ACREAGE OF MAIN CROPS IN MANCHURIA

(In Thousand Acres)

		Barley	Soya Beans	Maize	Millet	Rice	Sorghum	Wheat	Total
1914*	Fengtien......	138	1,542	619	257	245	3,398	268	6,467
	Kirin.........	311	1,485	949	581	6	1,685	816	5,833
	Heilungkiang...	427	1,138	396	609	5	195	928	3,698
	Manchuria....	876	4,165	1,964	1,447	256	5,278	2,012	15,998
1915*	Fengtien......	125	1,508	619	257	241	3,405	262	6,417
	Kirin.........	335	942	619	581	75	864	835	4,251
	Heilungkiang...	820	1,061	487	609	5	707	1,209	4,898
	Manchuria....	1,280	3,511	1,725	1,447	321	4,976	2,306	15,566
1916†	Fengtien......	125	1,507	619	257	239	3,405	262	6,414
	Kirin.........	288	572	379	581	62	1,098	438	3,418
	Heilungkiang...	453	1,052	399	609	5	586	977	4,080
	Manchuria....	866	3,131	1,397	1,447	305	5,089	1,677	13,912
1917‡	Fengtien......	89	1,147	673	257	158	3,359	195	5,878
	Kirin.........	294	1,545	442	581	58	966	909	4,795
	Heilungkiang...	436	1,002	564	609	5	515	950	4,081
	Manchuria....	819	3,694	1,679	1,447	221	4,840	2,054	14,754
1918§	Fengtien......	89	1,149	669	253	159	3,208	195	5,722
	Kirin.........	345	1,421	597	550	140	1,171	924	5,148
	Heilungkiang...	401	1,073	514	649	8	673	1,017	4,335
	Manchuria....	835	3,643	1,780	1,452	307	5,052	2,136	15,205
1926‖	Fengtien......	161	2,006	1,318	1,246	285	2,882	249	8,147
	Kirin.........	234	2,808	876	1,967	232	2,058	971	9,146
	Heilungkiang...	269	1,863	444	1,289	20	1,081	1,005	5,971
	Manchuria....	664	6,677	2,638	4,502	537	6,021	2,225	23,264
1927¶	Fengtien......	200	2,064	1,380	1,638	215	3,249	210	8,956
	Kirin.........	266	2,923	666	2,095	286	2,056	1,000	9,252
	Heilungkiang...	256	2,633	373	1,040	37	849	946	6,134
	Manchuria....	682	7,620	2,419	4,772	538	6,155	2,156	24,342

* China—Ministry of Agriculture and Commerce, *op. cit.*, pp. 51–83.
† *Ibid.* (1916), pp. 44–55.
‡ *Ibid.* (1917), pp. 98–109.
§ *Ibid.* (1918), pp. 94–105.
‖ Manchuria Enlightening Society, *op. cit.* (1927), pp. 470-475.
¶ *Ibid.* (1928), pp. 490–499.

changed the situation, and Kirin and Heilungkiang seem to be forging ahead to dispute the lead.

Sorghum ranks second in the order of importance among all the Manchurian crops. Being a product mainly for local consumption it is not well-known in the international market. Every year an enormous quantity is produced. In 1927 the total crop occupied an area of 6,155,000 acres and yielded 173.6 million bushels.

TABLE VIII

Percentage Comparisons of the Acreage of Main Crops in Manchuria

(Total of the 7 Crops as 100%)

		Barley	Soya Beans	Maize	Millet	Rice	Sorghum	Wheat	Total
1914	Fengtien......	2.1	23.9	9.6	4.0	3.8	52.5	4.1	100.0
	Kirin..........	5.3	25.5	16.3	9.9	.1	28.9	14.0	100.0
	Heilungkiang...	11.6	30.8	10.7	16.5	.1	5.3	25.0	100.0
	Manchuria....	5.5	26.0	12.3	9.0	1.6	33.0	12.6	100.0
1915	Fengtien......	1.9	23.5	9.6	4.0	3.8	53.1	4.1	100.0
	Kirin..........	7.9	22.2	14.5	13.7	1.8	20.3	19.6	100.0
	Heilungkiang...	16.8	21.7	9.9	12.4	.1	14.4	24.7	100.0
	Manchuria....	8.2	22.6	11.1	9.3	2.0	32.0	14.8	100.0
1916	Fengtien......	2.0	23.5	9.6	4.0	3.7	53.1	4.1	100.0
	Kirin..........	8.4	16.8	11.1	17.0	1.8	32.1	12.8	100.0
	Heilungkiang...	11.1	25.8	9.8	14.9	.1	14.4	23.9	100.0
	Manchuria....	6.2	22.5	10.0	10.4	2.2	36.6	12.1	100.0
1917	Fengtien......	1.5	19.5	11.5	4.4	2.7	57.1	3.3	100.0
	Kirin..........	6.1	32.2	9.2	12.1	1.2	20.2	19.0	100.0
	Heilungkiang...	10.7	24.6	13.8	14.9	.1	12.6	23.3	100.0
	Manchuria....	5.6	25.0	11.4	9.8	1.5	32.8	13.9	100.0
1918	Fengtien......	1.6	20.1	11.7	4.4	2.8	56.0	3.4	100.0
	Kirin..........	6.7	27.6	11.6	10.7	2.7	22.8	17.9	100.0
	Heilungkiang...	9.3	24.7	11.9	15.0	.2	15.5	23.4	100.0
	Manchuria....	5.5	24.0	11.7	9.6	2.0	33.2	14.0	100.0
1926	Fengtien......	2.2	24.6	16.2	15.3	3.5	35.4	3.0	100.0
	Kirin..........	2.6	30.7	9.6	21.5	2.5	22.5	10.6	100.0
	Heilungkiang...	2.5	31.2	7.5	21.6	.3	18.1	16.8	100.0
	Manchuria....	2.9	28.7	11.3	19.3	2.3	25.9	9.6	100.0
1927	Fengtien......	2.2	23.0	15.4	18.3	2.4	36.3	2.4	100.0
	Kirin..........	2.5	31.6	7.2	22.6	3.1	22.2	10.8	100.0
	Heilungkiang...	4.2	42.9	6.1	17.0	.6	13.8	15.4	100.0
	Manchuria....	2.8	31.3	9.9	19.6	2.2	25.3	8.9	100.0

Both the annual yield and the acreage of cultivation showed an increase during the fourteen years for which figures are given in the tables, but relatively to other crops they decreased. In 1914 the production was 86.0 million bushels and the land devoted to its cultivation 5,278,000 acres, which were 46 and 33 per cent respectively of the total production and acreage of the seven main crops. In 1927, though production exceeded that of 1914 by 87.6 million bushels and acreage by

877,000 acres, the percentages were only 28.7 and 25.3 respectively. As the situation remains today Fengtien is the leading province in the production of sorghum with Kirin as the second and Heilungkiang as the third. The tendency, however, is in the direction of the latter two provinces becoming more and more important producers.

Maize used to be the third important crop in Manchuria, but statistics of recent years show that it has been displaced by millet. In 1914, 21.5 million bushels of maize and 13.2 million bushels of millet were produced, the former being about twice the latter. In 1927 the order was reversed. Maize produced in that year was 69.5 million bushels while millet totalled 133.9 million bushels. The same change can be observed in acreage. In 1914 the acreage of the millet crop was 517,000 acres less than that of maize, but in 1927 it exceeded the latter by 2,353,000 acres. Compared with other crops millet has gained greatly in importance in regard to both production and acreage, while maize has barely held its own. Fengtien and Kirin are important regions for producing both of these crops.

Wheat, rice, and barley are less important crops when compared with the four discussed above. Wheat, the most important of the three, yielded in 1927 a total of 34.8 million bushels with 2,156,000 acres devoted to its cultivation. The figures for rice and barley are yet smaller, being 19.8 and 14.9 million bushels for their respective production and 538,000 and 682,000 acres for their respective acreages. Relatively, rice has gained in importance, but wheat and barley have at best held their own. Kirin and Heilungkiang constitute the important wheat and barley producing region, while Fengtien and Kirin practically monopolise the production of rice.

Considering the agricultural products of Manchuria as a whole it may be said that soya bean and sorghum are the two crops of the territory at present. Together they produce more in physical quantity and occupy more land in cultivation than all the other crops combined. Future changes may alter the situation, but this is unlikely in the near future. Manchuria will continue for some time to produce soya beans for the international market and sorghum to supply its home needs. The other crops for the time being will remain secondary in importance, though with the development of the territory and the rise in the value of land they are likely to become important in the future.

DOMESTIC ANIMALS

Domestic animals used to be an important resource in Manchuria. With the growth of population and the development of the country, however, the pastoral lands were gradually converted into grain fields. At present, though most of the Manchurian households still keep domestic animals, there are only a few farms devoting themselves exclusively to stock raising and this industry is now on the wane. The number of domestic animals in the three provinces is commonly estimated to be in the neighborhood of 30 millions of which about half are fowls. Table IX, taken from a Chinese government publication, gives some indication of the general condition.

TABLE IX*

Domestic Animals on Manchurian Farms

	Fengtien	Kirin	Heilungkiang	Manchuria
Ponies	788,149	716,008	905,977	2,410,134
Donkeys	340,022	184,060	41,523	565,605
Cattle	474,696	495,645	298,973	1,269,414
Sheep and goats	652,659	184,423	226,660	1,063,742
Hogs	5,569,643	1,241,482	1,219,400	8,030,525
Chickens	6,140,976	3,764,687	1,815,856	11,721,519
Geese	875,240	827,824	313,359	2,016,423
Ducks	220,202	64,427	73,843	358,472
Mules	205,330	231,374	115,314	552,018
Camels	....	....	58,000	58,000

* The Chinese Government Bureau of Economic Information, *Chinese Economic Monthly*, Vol. III, No. 1 (Jan., 1926), p. 4.

MINERALS

Manchuria is one of the few places in the world which are endowed by nature with plentiful mineral resources. Compared with other regions in China its deposits are even richer than those in the province of Yunnan. Coal is found throughout the whole territory. In the south its reserve has been estimated to be 1,177 million metric tons,[4] while in the north for the Chalainor brown coal deposit alone an estimate has been placed at the enormous figure of 20,000 million tons.[5] The reserve of iron ore is estimated at 772 million metric tons in the south,[6] and in the north is said by authorities to be very promising. Gold is produced mainly in the north where the estimate for the reserve of the placer gold alone is more than 123 million ounces.[7] The minerals that have been found in Manchuria up to the present time are classified and given as follows[8]

A. Minerals mined:

1. Gold, alluvial
2. Iron ore
3. Copper
4. Silver
5. Lead ore
6. Asbestos
7. Talc
8. Magnesite
9. Kaolin
10. Gypsum
11. Phosphorous rock
12. Sulphur
13. Fluor-spar
14. Felspar
15. Barite
16. Calcite
17. Pyrite
18. Natural soda
19. Salt
20. Dolomite
21. Quartz
22. Quartzite
23. Limestone for flux
24. Fire-clay
25. Oil-shale

B. Minerals found in commercial quantities but not mined:

26. Gold, vein
27. Zinc ore
28. Bauxite
29. Graphite
30. Mica
31. Jasper
32. Jade

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[4] B. P. Torgasheff, "The Mineral Wealth of North and South Manchuria," *Chinese Economic Journal*, Vol. IV, No. 1 (Jan., 1929), p. 22.

[5] *Ibid.*, p. 25.

[6] *Ibid.*, p. 22.

[7] *Ibid.*, p. 24.

[8] *Ibid.*, p. 27.

C. Minerals confirmed but not sufficiently explored:
33. Antimony
34. Molybdenum
35. Mercury

D. Possible, but unconfirmed deposits:
36. Platinum
37. Petroleum

Table X, compiled by a Russian geologist on the basis of 1925 data, will convey a general idea of both the mineral resources of Manchuria and the prevailing state of its mining industry.

TABLE X*

MINERAL PRODUCTION IN MANCHURIA

	Metric Tons	Value in U. S. $
Coal	7,166,385	35,831,925
Gold, kgr.	8,370	5,562,953
Coke	103,535	3,870,700
Pig Iron	146,000	3,650,000
Cement in bls.	900,000	2,700,000
Mineral Structural Material	....	2,011,210
Salt	280,000	980,000
Iron Ore	193,750	775,000
Soda	20,050	601,000
Clay for ceramics	20,000	600,000
Calcite	93	451,708
Felspar	30	
Dolomite	40,500	
Fire Clay	25,766	
Lime Stone for flux and cement	234,720	
Lead, pig	947	163,641
Kaolin	23,119	161,833
Talc	31,516	151,276
Copper	345	139,710
Lead, Ore	2,640	105,600
Quartz for glass	4,694	22,867
Quartzite for fire bricks	8,375	
Pyrite	3,066	20,693
Magnesite	13,773	20,659
Asbestos	63	2,520
Fluor-spar	30	330
Total	....	57,823,625†

* Torgasheff, *op. cit.*, pp. 28–30.
† Corrected.

FORESTS

Forests in Manchuria are still a source of wealth of unknown quantity. In spite of the long years of their exploitation and the importance the world attaches to them, both their area and their timber contents remain to date a question unanswerable. Much of the forest land is still unsurveyed. Particularly in the region of the Hingan Mountains investigations are lacking. Of this last mentioned district a recent estimate has run as high as 58.8 million acres with a total timber reserve of 79,424 million cubic feet. When these figures are compared with the total estimates of those regions which are better known, the area is double and the reserve just about equal. This illustrates how little the real potentiality of the Manchurian forests is known. At present, what one can be sure of is that the forest resources of Manchuria are great, but as to the extent no one can be authoritative in his statement.

The greatness of the Manchurian forest resources is, however, more than a mere belief. The estimates of the wooded area in the Three Eastern Provinces in the past years have been constantly on the increase. Though compiled from different sources and in many respects hardly comparable, the data in Table XI indicate the general trend of the estimates which bear out clearly the great potentiality of this Manchuria resource.

TABLE XI

Forest Land in Manchuria

(In Million Acres)

Year	
1914*	3.7
1915*	5.2
1916*	6.4
1917*	6.3
1918*	7.6
....	....
1922†	26.0
....	....
1927‡	30.5

* China—Ministry of Agriculture and Commerce, *op. cit.* (1918), p. 165.

† Manchuria Enlightening Society, *Encyclopedia of Manchuria-Mongolia* (1923), Vol. III, Part 2, pp. 32–38.

‡ Manchuria Enlightening Society, *Yearbook* (1928), pp. 532–533.

The forest lands in Manchuria are divided into several districts. The Yalu River Valley district in the southeastern corner of the provinces of Kirin and Fengtien is the most important source of commercial timber at present. This district, however, is by no means the richest of all, several of the other districts exceeding it in both area and content. Table XII, which contains no data for the region of Hingan Mountains, indicates in a general way the distribution in the several better known districts in 1927.

TABLE XII*

Regional Distribution of Forests in Manchuria

District	Area		Timber	
	Million Acres	%	Million Cu. Ft.	%
Yalu River Valley	2.2	7.3	4,382.3	10.0
Sungari River Valley	3.5	11.3	9,214.5	21.0
Tumen River Valley	.5	1.7	1,111.9	2.6
Mutan River Valley	.9	2.8	2,601.0	5.9
Eastern section of the C. E. R.	5.7	18.8	7,881.3	18.0
Western section of the C. E. R.	5.1	16.7	4,913.4	11.2
Sansing	12.6	41.4	13,714.4	31.3
Total	30.5	100.0	43,818.8	100.0

* Manchuria Enlightening Society, *Yearbook* (1928), pp. 532–533.

As to the kinds of wood that comprise the Manchurian forests, over 300 have been identified. The general estimate is that about 40 per cent of the trees are needle-leafed and 60 per cent broad leafed. Table XIII contains the data for 1922.

TABLE XIII*

DISTRIBUTION OF FOREST TYPES IN MANCHURIA

District	Needle-leafed		Broad-leafed		Total	
	Million Cu. Ft.	%	Million Cu. Ft.	%	Million Cu. Ft.	%
Yalu River Valley	803.7	5.5	1,099.5	4.5	2,009.2	5.1
Hun River Valley	569.3	3.9	844.5	3.5	1,414.8	3.6
Sungari River Valley	4,234.3	28.8	4,980.1	20.7	9,214.4	23.7
Tumen River Valley	470.6	3.2	614.3	2.7	1,111.9	2.9
Mutan River Valley	1,277.2	8.7	1,323.7	5.5	2,600.9	6.7
Eastern Section of the C. E. R.	2,399.3	16.3	5,482.1	22.7	7,881.4	20.3
Sansing	4,312.7	29.3	9,401.7	39.0	13,714.4	35.2
Western Section of Hingan Mts.	626.3	4.3	329.2	1.4	955.5	2.5
Total	14,693.4	100.0	24,102.1	100.0	38,901.5	100.0

* Manchuria Enlightening Society. *Encyclopedia,* Vol. III, Part 2, pp. 32–38.

TABLE XIV*

FACTORIES† IN THE KWANTUNG LEASED TERRITORY, REGIONS ALONG THE SOUTH MANCHURIA RAILWAY, AND PLACES UNDER THE EXTRA-TERRITORIALLY EXTENDED JURISDICTION OF JAPANESE CONSULS

	Number of Factories			Workers or Working Days ‖	Capital (Yen)
	With Motor Power	Without Motor Power	Total		
1910	113	91	204	13,993	21,232,196
1911	129	94	223	12,448	26,892,970
1912	149	123	272	11,840	27,429,957
1913	160	137	297	12,945	29,240,911
1914	167	114	281	12,879	29,895,952
1915	182	123	311	13,067	38,989,684
1916	199	129	342	18,267	55,808,981
1917	230	143	383	25,517	70,986,816
1918	244	153	382	9,127,382	84,058,442
1919	330	138	544	8,370,911	139,914,609
1920	375	214	627	10,000,635	208,381,387
1921	383	252	621	7,160,502	212,742,051
1922	375	238	637	9,670,923	226,778,352
1923	364	262	633	8,550,046	200,827,607
1924	395	269	658	10,155,288	192,936,596
1925‡	446	228	674	29,713,417	247,117,878
1926§	460	225	685	13,000,903	256,224,438
1927	489	261	750	12,937,316	292,002,302

*The Kwantung government, *Statistics of the Kwantung Government during the Past Twenty Years* (1906–1925), p. 289.

† Only those employing more than five workers are included.

‡ Manchuria Enlightening Society, *Yearbook* (1928), p. 433.

§ *Ibid,* (1929), pp. 319–320.

‖ From 1910 to 1917 the number refers to the number of workers employed. From 1918 to 1927 the number refers to the number of working days. One worker, for instance, may work 300 days during the year, and may then count as 300 working days for that year.

III. MANUFACTURING

Manufacturing in Manchuria is a development of recent origin. Before the construction of railways at the end of last century, factories of modern type were non-existent. The territory was then largely undeveloped and the simple communities were self-sufficient. The railways along with other things introduced manufacturing into Manchuria. After the development of a generation certain sections of the provinces are now fairly industrialized, though the territory as a whole still remains agricultural. The industrialized sections are first the ports, chiefly Dairen and Harbin, and secondly regions adjacent to the railways. For the territory as a whole there have been no systematic statistics on manufacturing and production.[9] But as most of the industrialized sections of the territory are in the south, the data in Tables XIV, XV, and XVI collected by the Kwantung Government for the Kwantung Leased Territory, regions along the South Manchuria Railway, and places under the extra-territorially extended jurisdiction of Japanese consuls[10] may be taken as a trustworthy indication of the general development of the territory along manufacturing lines.

TABLE XV*

CLASSIFICATION OF FACTORIES† IN THE KWANTUNG LEASED TERRITORY, REGIONS ALONG THE SOUTH MANCHURIA RAILWAY, AND PLACES UNDER THE EXTRA-TERRITORIALLY EXTENDED JURISDICTION OF JAPANESE CONSULS

	Textile	Machinery and Tools	Chemical	Food	Miscellaneous	Special	Total
1910	2	23	158	18	3	....	204
1911	....	27	163	29	4	....	223
1912	3	27	176	60	6	....	272
1913	2	27	187	72	9	....	297
1914	1	24	165	77	13	1	281
1915	2	29	187	77	15	1	311
1916	2	30	193	90	26	1	342
1917	5	33	212	98	33	2	383
1918	8	59	202	61	49	3	382
1919	9	119	257	83	72	4	544
1920	22	110	217	115	157	6	627
1921	19	103	229	112	153	5	621
1922	30	107	237	126	134	3	637
1923	26	104	245	122	133	3	633
1924	35	103	228	137	127	28	658
1925	47	118	191	167	124	27	674
1926‡	47	116	207	165	125	25	680
1927§	49	121	230	180	144	26	750

* The Kwantung government, *Statistics*, p. 289.
† Only those employing more than five workers are included.
‡ Manchuria Enlightening Society, *Yearbook* (1928), p. 433.
§ *Ibid.* (1929), pp. 319–320.

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[9] The Ministry of Agriculture and Commerce of China in the work cited above published from 1912 manufacturing and production statistics for the provinces of Fengtien and Heilungkiang to 1918 and for Kirin to 1920. Partly because of its incompleteness in the territories included and partly because of its inclusion of production of home industries, it is not used in this paper.

[10] The name of these places in Japanese, literally translated should mean Japanese consulates.

TABLE XVI*

ANNUAL PRODUCTION OF MANUFACTURED GOODS IN THE KWANTUNG LEASED TERRITORY, REGIONS ALONG THE SOUTH MANCHURIA RAILWAY, AND PLACES UNDER THE EXTRA-TERRITORIALLY EXTENDED JURISDICTION OF JAPANESE CONSULS

	Textiles	Bricks and Tiles	Bean Oil	Bean Cake	Cement	Tobacco Products	Sugar	Wines	Bean Sauce	Wheat Flour	Pig-Iron	Total	Other Manufactured Products	Grand Total
1910...	....	1.2	2.6	6.4	.6	.0	....	.0	.1	1.0	....	11.9	1.5	13.4
1911...	....	.8	5.7	14.2	.6	.6	....	.0	.1	1.1	....	23.1	1.0	24.1
1912...	0	.5	6.0	15.7	.6	.6	....	.1	.1	1.1	....	24.7	.6	25.3
1913...	....	.4	6.2	16.5	.7	2.3	....	.3	.1	1.6	....	28.1	.7	28.8
1914...	....	.4	3.6	9.1	.5	4.9	....	.2	.1	3.9	....	22.7	.6	23.3
1915...	....	.3	7.0	19.0	.5	4.9	....	.4	.2	3.9	2.8	39.0	.8	39.8
1916...	0	.8	14.0	26.1	.9	3.7	....	.5	.2	3.8	2.9	52.9	.6	53.5
1917...	0	1.5	19.5	39.3	1.1	3.7	.3	.9	.3	5.0	15.0	86.8	3.1	89.7
1918...	.2	2.6	24.6	60.3	1.0	3.3	3.2	1.7	.2	5.3	6.6	109.0	4.2	113.2
1919...	.2	5.9	41.1	91.8	1.2	5.4	4.2	1.8	.4	7.0	5.2	164.2	5.8	170.0
1920...	.8	2.3	16.1	45.4	1.1	6.0	2.9	1.4	1.0	7.1	1.5	85.6	4.4	90.0
1921...	1.5	1.4	15.3	67.9	1.3	3.5	2.1	1.2	.8	6.4	5.2	106.6	6.1	112.7
1922...	1.6	1.5	21.0	61.7	1.3	4.1	2.5	1.5	.9	8.1	7.9	112.1	3.9	116.0
1923...	3.1	1.8	29.0	70.8	1.9	4.2	3.3	1.7	.8	10.5	3.8	130.9	5.4	136.3
1924...	3.3	1.7	33.0	70.9	3.8	3.8	4.1	3.0	.8	8.1	4.3	136.8	3.0	139.8
1925...	4.2	1.1	34.1	73.8	3.4	8.6	5.7	2.1	1.2	7.2	5.8	147.2	5.7	152.9

* The Kwantung government, *Statistics*, pp. 304–305.

Among all the manufacturing industries in Manchuria, soya bean oil pressing with its by-product of bean cake is the most important. Both of these products are international commodities. Indeed, they are so widely demanded that they, along with their raw material, the soya beans, form the three important exports of the Three Eastern Provinces. The centres of production are Dairen, Harbin, Antung, Newchwang (Yingkou), and other cities along the South Manchuria and the Chinese Eastern Railways. Outside these districts bean oil and bean cakes are also produced by local presses practically throughout the whole of Manchuria. But as their output is insignificant and also mainly for local consumption, they can be justly omitted from consideration. A recent investigation gives the results shown in Table XVII regarding the condition of the industry in the several important districts.

TABLE XVII

BEAN MILLS IN MANCHURIA

	NUMBER OF MILLS	PRESSING DEVICES			DAILY PRODUCING CAPACITY	
		Hydraulic	Screw	Wedge	Bean Cake (Pieces)	Bean Oil (Pounds)
Dairen	86	1,873	3,067	....	226,461	1,766,143
Newchwang	22	20	726	....	21,790	143,351
Antung	24	100	1,077	108	40,025	263,315
Harbin	43	505	1,429	....	78,537	516,678
Along Rys. in Northern Manchuria	18	22	259	18	9,514	62,590
Along Rys. in Southern Manchuria	258	208	3,379	156	109,752	722,033
Total	447	2,728	9,937	362	528,097	3,474,110

* The South Manchuria Railway Co., *Soya Beans in Manchuria* (1926), p. 24.
† Pieces are not reduced to pounds because there is no standard weight for each piece.

The annual production statistics are unavailable at present. The investigation mentioned above sets the probable annual output of oil at 200,000 tons and that of cakes at 60 million pieces weighing 46 catties a piece.[11] In the absence of better data, those of the Kwantung Government can be resorted to again for the purpose of obtaining an approximate picture of the general development of the industry.[12]

The development can be illustrated in another way. The major portion of the Manchurian bean oil and bean cake is for export, and the amount of annual production depends mainly on the demand in the foreign markets. Consequently, changes in the export of these commodities can be taken to indicate the same changes in the whole industry, increasing and decreasing in a correlated way. Table XIX which gives the value of the exports of bean oil and bean cakes along with their index numbers agrees fairly well with the general trends of increase revealed in Table XVIII.

Next to oil pressing in order of importance comes flour milling, the two together form the "twin" industries of the Three Eastern Provinces. The home of the milling industry is the central section of the territory with Harbin as the nucleus. Before 1923 milling in that city ranked first, exceeding even oil pressing in importance. A

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[11] *Ibid.*

[12] See Table XVIII.

TABLE XVIII*

ANNUAL PRODUCTION OF SOYA BEAN OIL AND SOYA BEAN CAKE IN THE KWANTUNG LEASED TERRITORY, REGIONS ALONG THE SOUTH MANCHURIA RAILWAY, AND PLACES UNDER THE EXTRA-TERRITORIALLY EXTENDED JURISDICTION OF JAPANESE CONSULS

	VALUE (MILLION YEN)			QUANTITY			
	Bean Oil	Bean Cake	Total	Bean Oil		Bean Cake	
				Million Pounds	Index	Million Pieces	Index
1911	5.7	6.4	12.1	58.3	84.1	10.2	86.0
1912	6.0	14.2	20.2	69.2	99.9	11.5	96.8
1913	6.2	15.7	21.9	69.3	100.0	11.9	100.0
1914	3.6	16.5	20.1	38.4	55.4	6.7	56.8
1915	7.0	9.1	16.1	83.7	120.7	15.2	128.3
1916	14.0	19.0	33.0	132.7	191.4	23.0	194.0
1917	19.6	26.1	45.7	222.3	320.7	34.8	292.6
1918	24.6	39.3	63.9	224.0	323.1	35.4	298.3
1919	41.1	60.3	101.4	233.8	337.2	38.2	321.9
1920	16.1	91.8	107.9	186.1	268.4	29.1	244.7
1921	15.3	45.4	60.7	215.3	310.6	36.4	306.5
1922	21.0	67.9	88.9	201.1	290.1	32.6	274.7
1923	29.0	61.7	90.7	256.8	370.3	40.8	343.2
1924	33.0	70.8	103.8	234.3	337.9	38.3	322.4
1925	34.1	70.9	105.0	190.8	275.2	62.8	528.7

* The Kwantung government, *Statistics*, pp. 302–303.

TABLE XIX*

EXPORTS OF BEAN OIL AND BEAN CAKE FROM MANCHURIA

	VALUE (MILLION HAIKWAN TAELS)			QUANTITY			
	Bean Oil	Bean Cake	Total	Bean Oil		Bean Cake	
				Million Pounds	Index	Million Pounds	Index
1911†	5.9	28.0	33.9	95.8	96.2	1,781.6	98.2
1912	4.9	23.3	28.2	88.6	89.5	1,415.8	97.8
1913	5.6	29.2	34.8	99.0	100.0	1,814.6	100.0
1914	6.0	24.6	30.6	98.2	99.2	1,609.7	88.7
1915	7.4	29.1	36.5	134.7	136.1	2,146.7	118.3
1916	10.1	32.8	42.9	183.6	185.5	1,985.2	109.4
1917	17.8	29.5	47.3	246.4	248.9	2,511.3	138.4
1918	23.3	33.9	57.2	283.0	286.0	2,454.5	135.3
1919	18.4	46.3	64.7	279.5	282.4	2,891.7	159.4
1920	15.6	47.1	62.7	376.1	245.3	2,880.2	158.7
1921	12.1	55.7	67.8	193.2	195.2	3,302.8	182.0
1922	14.0	62.6	76.6	222.8	225.1	3,555.6	196.0
1923	19.1	70.1	89.2	304.2	307.4	3,975.3	219.1
1924	21.1	62.1	83.2	291.3	294.2	3,609.3	198.9
1925	21.8	62.6	84.4	284.2	287.1	3,475.0	191.5
1926	21.2	86.5	117.7	369.7	373.5	4,236.7	233.5
1927	29.8	83.4	113.2	353.7	357.3	4,328.2	238.5

* The Chinese Maritime Customs, *Foreign Trade of China* (1911–1927), Part II: "Analysis;" Vol. II; "Exports."

† Before 1911 bean-oil data were not separated from those of other oils.

bad wheat crop in that year changed the situation and milling fell behind to the second place. The total number of mills in Manchuria is estimated to be more than fifty with twenty-three of them in Harbin and twelve others along the Chinese Eastern Railway, which together have a maximum production capacity of 400,000 tons per year.[13] Among the other localities where the industry is found only Changchun with a total of five mills deserves mention. The annual production of the territory as a whole averages about 20,000,000 bags.[14] The bulk of the flour is consumed locally, only the surplus, which is usually small, being exported. The statistics of annual production being unavailable and those of export non-representative, Table XX, compiled from the publications of the Chinese Eastern Railway along with the wheat-flour column in Table XVI, may be of some use in helping one to gauge the present importance and past development of the industry.

TABLE XX*

TRANSPORTATION OF WHEAT FLOUR ON THE CHINESE EASTERN RAILWAY

(In 1,000 Tons)

	Total Carried	In Local Transit	Exported	Imported
1913	27.3	21.1	5.4	.7
1914	38.5	22.7	15.4	.5
1915	40.3	19.4	20.4	.3
1916	55.2	25.6	27.3	....
1917	82.9	25.2	57.6	.0
1918	75.3	28.8	46.5	....
1919	104.8	39.5	65.4	....
1920	127.6	40.8	86.8	....
1921	119.9	32.0	87.9	....
1922	83.2	39.1	43.3	.8
1923	86.8	29.5	56.9	.9
1924	31.9	25.5	12.4	3.1
1925	38.6	28.7	9.7	.2
1926†	51.6	40.0	11.5	.1
1927†	143.0	75.7	67.2	.0

* The Chinese Eastern Railway, *North Manchuria and the Chinese Eastern Railway*, pp. 178-179.
† The Chinese Eastern Railway, *Statistical Yearbook* (Chinese ed., 1928), pp. 154–158.

Aside from oil pressing and flour milling Manchuria has many other manufactures. From the grains of sorghum the famous native wine "Kaoliangchiu" is distilled. The land produces plenty of barley and hops, hence beer brewing has been initiated. Sugar beets introduced twenty years ago are now being extensively cultivated in order to keep busy the wheels of the refining factories. As smoking is quite in vogue, tobacco is manufactured by both the native and the modern firms which of late have developed to such an extent as to become a formidable competitor of even the British-American Tobacco Company. With the rich iron and coal deposits at hand, the iron and steel industry has a future more than promising. Coke is being made out of coal; limestone and clay are being fast amalgamated into cement. Because of the abundance of silicious rock, glassware has been added to the list of Manchurian manufactures. Saw mills and paper mills are being rapidly established and the tussore silk industry is supplying foreign markets with exports amounting to millions of Haikwan taels per year. Besides, there are the manufactures of pottery, textiles, hemp bags, matches, dye-stuffs, fertilizers, leather, and many others, all making remarkable progress.

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[13] The Chinese Eastern Railway, *North Manchuria and the Chinese Eastern Railway* (Chinese ed., 1927), p. 180.

[14] Manchuria Enlightening Society, *Yearbook* (1929), p. 324.

But all these mentioned above become insignificant when they are brought into comparison with the great "twin" industries of oil and flour. Although some of these manufacturers may have more than a fair chance to grow into such dimensions as to rival or even to surpass the two in importance, nevertheless so far as the present and the near future are concerned they are and will remain much behind. Partly because of their comparative insignificance and partly because of the unavailability of data for many of them, these minor industries are not considered in detail. As a whole, it may be said that Manchuria, like many other parts of China, is just entering the initial stages of manufacturing. Decades or even generations will probably have to pass before it gets into the full swing of the industrial era. However, in view of the rich resources it possesses there can be no doubt of its industrial greatness in the future. It is a wonderful land with immense possibilities for manufacture as well as agriculture.

IV. FOREIGN TRADE

From the viewpoint of foreign trade Manchuria is more important than any other section of China. With an area about one-twelfth and a population one-sixteenth of those of the Republic as a whole, it has a trade approaching one-third of the total. In 1927 the net foreign trade of China was 1,931,551,286 Haikwan taels, averaging 4.8 taels per capita. But of Manchuria the trade for the same year was 616,314,483 taels which was 23.8 taels per capita, more than five times greater. The fact is that Manchuria is a newly developed territory. Like many other countries in the same category, such as Australia and Argentine, it depends more on outside markets for the supply and sale of commodities. Ever since the beginning of this century, when Manchuria became a center of world interest, its foreign trade has been on the increase all the time except in the years 1914, 1915, 1920, and 1924 when it suffered slight decreases. In 1907, the year when trade statistics for Dairen began to be available, the total trade was only 51.0 million taels. The lapse of twenty-one years has changed the situation greatly, and in 1927 the total trade, as given below, reached 616.3 million taels, an increase of more than twelve times. During this period exports increased much faster than imports. The total amount of imports in 1907 was 29.8 million taels and that of exports 21.2 million. In 1927, however, while exports reached 374.4 million taels, more than seventeen times the 1907 figures, imports were 241.9 million taels, an increase of only eight and half times. The balance of trade of Manchuria has been favorable for most of the years in this period, and in 1927 it reached the significant sum of 132.4 million taels. Table XXI tells the history of the Manchurian trade.

Not only absolutely but relatively also the Manchurian trade has shown noteworthy increase. Comparison with that of China as a whole shows that its import, export, and total trade have increased much faster. The index number of the total trade of China given in Table XXII rose during the period of 1907–27 from 69.9

to 198.4, an increase of less than three times. On the other hand, that of Manchuria increased from 27.1 to 328.3, an increase of more than twelve fold, which is four times as fast as the increase of that of the Republic as a whole. In imports the contrast is not so great. The increase for the Republic was two and half times while that for Manchuria was eight times, slightly more than three times as fast. But in exports the contrast became greater. During the same period China has only quadrupled its exports, while Manchuria has increased its exports to eighteen times, four and a half times as fast.

TABLE XXI*

Foreign Trade of Manchuria

(In Million Haikwan Taels)

	Net Value of Trade					Balance of Trade
	Imports			Exports	Total	
	Foreign	Chinese	Total			
1907	23.1	6.7	29.8	21.2	51.0	− 8.6
1908	42.1	8.6	50.7	45.1	95.8	− 5.6
1909	49.3	14.8	64.1	77.9	142.0	+ 13.8
1910	57.6	15.5	73.1	80.2	153.3	+ 7.1
1911	68.0	15.7	83.7	92.5	176.2	+ 8.8
1912	70.4	16.5	86.9	83.1	170.0	− 3.8
1913	72.5	21.2	93.7	94.1	187.8	+ .4
1914	74.0	18.2	92.2	88.4	180.6	− 3.8
1915	63.3	21.3	84.6	102.6	187.2	+ 18.0
1916	83.6	21.8	105.4	112.2	217.6	+ 6.8
1917	107.5	22.6	130.1	120.9	251.0	− 9.2
1918	106.7	35.4	142.1	125.1	267.2	− 17.0
1919	149.1	41.0	190.1	164.9	355.0	− 25.2
1920	127.6	41.4	169.0	180.1	349.1	+ 11.1
1921	133.1	52.0	185.1	200.3	385.4	+ 15.2
1922	128.3	35.8	164.1	239.6	403.7	+ 75.5
1923	127.9	47.8	175.7	263.1	438.8	+ 87.4
1924	133.9	43.5	177.4	247.3	424.7	+ 69.9
1925	157.9	58.7	216.6	282.0	498.6	+ 65.4
1926	187.5	63.7	251.2	340.9	592.1	+ 89.7
1927	187.2	54.8	242.0	374.4	616.3	+132.5

* The Chinese Maritime Customs, *op. cit.* (1907–1927), Part I: "Report and Abstract of Statistics."

In this increase of trade, not all the ports in Manchuria have advanced at an equal pace. The number of ports in the Three Eastern Provinces totals seven, namely Aigun, Antung, Dairen, Hunchun, Lungchingtsun, Newchwang, and Harbin which includes the city of Harbin as well as Manchouli, Suifenho, and Lahasusu. Of these ports Dairen and Antung showed the greatest increase. Harbin showed an increase at first, but slumped after the Russian revolution, and is slowly recovering in recent years. Newchwang, the only port in Manchuria before the opening up of Dairen and other ports, is now entirely overshadowed by the three previous ones and its trade importance has been on the decline almost continuously since 1907. The other three ports, Aigun, Hunchun, and Lungchingtsun, have together at present about two per cent of the total trade of Manchuria; the increase or decrease of their annual returns have therefore little significance. Tables XXIII, XXIV and XXV give in detail the annual returns of the several ports along with comparative percentages.

TABLE XXII*

INDEX NUMBER COMPARISONS OF THE GROWTH OF FOREIGN TRADE OF MANCHURIA WITH THAT OF CHINA

(1913=100%)

	Imports		Exports		Total Trade	
	China	Manchuria	China	Manchuria	China	Manchuria
1907	73.0	31.8	65.6	22.5	69.9	27.1
1908	69.2	22.1	68.6	48.0	69.0	51.0
1909	73.3	68.4	83.1	82.8	77.8	75.7
1910	81.2	78.1	94.4	85.3	86.7	81.7
1911	82.7	89.4	93.6	98.3	87.2	93.9
1912	83.0	92.8	91.9	88.3	86.7	90.6
1913	100.0	100.0	100.0	100.0	100.0	100.0
1914	99.8	98.4	88.3	93.9	95.1	96.2
1915	79.7	90.3	103.9	109.1	89.7	99.7
1916	90.6	112.5	119.5	119.3	93.3	115.9
1917	96.4	138.9	114.8	128.5	104.0	133.7
1918	97.3	151.7	120.5	132.9	106.9	142.3
1919	113.5	203.0	156.4	175.3	131.3	189.1
1920	133.7	180.4	134.3	191.4	133.9	186.0
1921	158.9	197.6	149.1	212.9	154.8	205.3
1922	165.8	175.2	162.4	254.6	164.4	215.0
1923	162.0	187.6	186.7	279.6	172.2	233.7
1924	178.6	189.4	191.4	262.7	183.9	226.2
1925	166.2	231.3	192.5	299.7	177.1	265.6
1926	197.2	268.2	214.3	362.3	204.3	315.4
1927	177.7	258.3	227.8	397.9	198.4	328.3

* The Foreign Trade of China is shown in the table below in million Haikwan taels.

	Net Value of Trade			Balance of Trade
	Imports	Exports	Total	
1907	416.4	264.4	680.8	−152.0
1908	394.5	276.7	671.2	−117.8
1909	418.2	339.0	757.2	− 79.2
1910	463.0	380.8	843.8	− 82.2
1911	471.5	377.3	848.8	− 94.2
1912	473.1	370.5	843.6	−102.6
1913	570.2	403.3	973.5	−166.9
1914	569.2	356.2	925.4	−213.0
1915	454.5	418.9	873.4	− 35.6
1916	516.4	481.8	998.2	− 34.6
1917	549.5	462.9	1,012.4	− 86.6
1918	554.9	485.9	1,040.8	− 69.0
1919	647.0	630.8	1,277.8	− 16.2
1920	762.3	541.6	1,303.9	−220.7
1921	906.1	601.3	1,507.4	−304.8
1922	945.0	654.9	1,599.9	−290.1
1923	923.4	752.9	1,676.3	−179.5
1924	1,018.2	771.8	1,790.0	−246.4
1925	947.9	776.4	1,724.3	−171.5
1926	1,124.2	864.3	1,988.5	−259.9
1927	1,012.9	918.6	1,931.6	− 94.3

TABLE XXIII*

PORT DISTRIBUTION OF THE TOTAL TRADE OF MANCHURIA WITH PERCENTAGE COMPARISONS

(In Million Haikwan Taels)

	AIGUN		ANTUNG		DAIREN		HARBIN		HUNCHUN		LUNGCHINGTSUN		NEWCHWANG		MANCHURIA	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
1907	......	......	4.8	9.4	13.8	27.2	......	......	......	......	......	......	32.2	63.4	51.0	100.0
1908	......	......	6.5	6.8	32.3	33.7	15.8	16.5	......	......	......	......	41.2	43.0	95.8	100.0
1909	.3	.2	8.7	6.1	43.6	30.7	34.4	24.2	......	......	......	......	55.0	38.8	142.0	100.0
1910	.6	.4	9.2	6.0	50.9	33.2	39.2	25.5	.3	.2	.1	......	53.0	34.6	153.3	100.0
1911	.5	.3	10.5	5.9	62.1	35.2	44.3	25.2	.6	.3	.1	.1	58.1	33.0	176.2	100.0
1912	1.1	.7	11.4	6.7	60.5	35.6	45.3	26.6	.8	.5	.5	.3	50.4	29.6	170.0	100.0
1913	1.2	.7	14.9	7.9	72.4	38.5	47.5	25.3	.9	.5	.8	.5	50.0	26.6	187.7	100.0
1914	1.6	.9	20.3	11.3	78.7	43.5	41.3	22.9	.7	.4	.6	.3	37.4	20.7	180.6	100.0
1915	1.7	.9	24.3	13.0	83.8	44.8	36.0	19.3	.6	.3	.4	.2	40.4	21.5	187.2	100.0
1916	1.6	.7	28.8	13.2	99.8	45.9	55.0	25.3	.6	.3	.4	.2	31.4	14.4	217.6	100.0
1917	2.2	.8	42.9	17.1	135.9	54.2	39.3	15.7	.8	.3	1.0	.4	28.9	11.5	251.0	100.0
1918	3.9	1.4	40.2	15.1	165.8	62.1	23.6	8.8	.9	.4	2.8	1.0	30.0	11.2	267.2	100.0
1919	4.2	1.2	61.4	17.3	210.7	59.4	33.0	9.3	1.0	.3	3.3	.9	41.4	11.6	355.0	100.0
1920	2.5	.7	63.1	18.1	203.8	58.4	30.6	8.8	.8	.2	2.2	.6	46.1	13.2	349.1	100.0
1921	4.5	1.2	63.4	16.4	210.4	54.6	45.2	11.7	1.4	.4	3.1	.8	57.4	14.9	385.4	100.0
1922	4.6	1.2	70.9	17.6	220.0	54.5	45.4	11.2	1.5	.4	3.4	.8	57.8	14.3	403.6	100.0
1923	3.5	.8	87.2	19.9	230.5	52.5	39.3	9.0	1.6	.4	5.0	1.1	71.6	16.3	438.7	100.0
1924	3.5	.8	65.6	15.5	240.7	56.7	53.3	12.5	1.6	.4	4.5	1.1	55.3	13.0	424.7	100.0
1925	2.3	.4	85.3	17.1	273.7	54.9	52.8	10.6	1.7	.3	3.9	.8	78.9	15.8	498.6	100.0
1926	2.1	.4	93.1	15.7	332.1	56.1	76.9	13.0	2.1	.3	7.2	1.2	78.6	13.3	592.1	100.0
1927	1.4	.2	105.5	17.1	336.4	54.6	90.0	14.6	2.4	.4	9.4	1.5	71.2	11.6	616.3	100.0

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* *Ibid.*

TABLE XXIV*

PORT DISTRIBUTION OF THE IMPORT TRADE OF MANCHURIA WITH PERCENTAGE COMPARISONS

(In Million Haikwan Taels)

	AIGUN		ANTUNG		DAIREN		HARBIN		HUNCHUN		LUNGCHINGTSUN		NEWCHWANG		MANCHURIA	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
1907......	......	......	2.6	8.8	10.6	35.6	......	......	......	......	......	......	16.6	55.8	29.8	100.0
1908......	......	......	2.9	5.7	19.9	39.2	6.3	12.5	......	......	......	......	21.6	42.6	50.7	100.0
1909......	.3	.4	3.9	6.0	16.8	26.2	14.2	22.2	......	......	......	......	28.9	45.2	64.1	100.0
1910......	.5	.7	6.4	8.7	22.6	30.9	15.7	21.4	.1	.2	.1	.2	27.7	37.9	73.1	100.0
1911......	.4	.5	5.7	6.8	28.3	33.8	17.5	20.9	.3	.4	.1	.2	31.4	37.4	83.7	100.0
1912......	.9	1.1	5.5	6.4	31.6	36.4	20.4	23.4	.5	.6	.4	.4	27.6	31.7	86.9	100.0
1913......	1.0	1.1	8.0	8.6	33.3	35.5	24.6	26.3	.5	.5	.7	.7	25.6	27.3	93.7	100.0
1914......	1.3	1.4	14.4	15.6	33.6	36.5	20.7	22.5	.5	.5	.5	.5	21.2	23.0	92.2	100.0
1915......	1.3	1.6	15.5	18.3	34.9	41.3	12.2	14.4	.3	.4	.4	.4	20.0	23.6	84.6	100.0
1916......	1.2	1.1	20.1	19.1	45.1	42.8	21.0	19.9	.3	.3	.3	.3	17.4	16.5	105.4	100.0
1917......	1.9	1.5	30.1	23.2	72.8	56.0	6.4	4.9	.3	.2	.6	.4	18.0	13.8	130.1	100.0
1918......	3.6	2.6	24.6	17.2	79.8	56.2	11.7	8.2	.4	.3	1.6	1.1	20.4	14.4	142.1	100.0
1919......	4.0	2.1	36.0	18.9	105.7	55.6	18.5	9.7	.6	.3	2.2	1.2	23.1	12.2	190.1	100.0
1920......	2.1	1.2	38.0	22.5	78.7	46.6	15.9	9.4	.6	.3	1.6	1.0	32.1	19.0	169.0	100.0
1921......	3.5	1.9	35.1	18.9	88.8	48.0	18.4	10.0	1.0	.5	1.9	1.0	36.4	19.7	185.1	100.0
1922......	2.9	1.8	36.2	22.1	83.1	50.7	4.5	2.7	1.0	.6	2.2	1.3	34.2	20.8	164.1	100.0
1923......	2.6	1.5	34.7	19.8	85.1	48.5	3.8	2.1	1.1	.6	3.2	1.8	45.2	25.7	175.7	100.0
1924......	2.0	1.6	27.2	15.3	99.4	56.0	5.8	3.3	1.1	.7	3.0	1.7	38.0	21.4	177.4	100.0
1925......	1.8	.8	41.4	19.1	108.0	49.9	8.2	3.8	1.1	.5	3.0	1.4	53.1	24.5	216.6	100.0
1926......	1.6	.6	44.1	17.6	132.0	52.5	16.2	6.5	1.4	.5	4.3	1.7	51.6	20.6	251.2	100.0
1927......	.8	.3	41.9	17.3	130.6	54.0	19.6	8.1	1.4	.6	5.1	2.1	42.6	17.6	242.0	100.0

* *Ibid.*

Among all the countries trading with Manchuria Japan occupies the first place in both imports and exports. For the year 1927 the total trade was 265.8 million taels, 39.3 per cent of the whole trade of Manchuria. China follows as a close second, with a trade of 203.3 million taels which is 30.0 per cent of the total. Russia ranks third, the United States fourth, and the Netherlands, England and Hongkong compete among themselves for the fifth place. The distribution of the Manchurian trade by countries is given in Table XXVI with comparative percentages.

With regard to the kinds of commodities that comprise the Manchurian trade, the imports are almost exclusively manufactures, with cotton textiles as the most important, while the exports are chiefly cereals and their products, with soya beans in the lead. Table XXVII gives the data for 1927.

V. RAILWAYS

Railway construction in Manchuria dates back to the end of the 19th century. After the conclusion of a railway contract between the Russo-Chinese Bank and China for the construction and operation of the Chinese Eastern Railway across northern Manchuria on September 8, 1896, construction of railways began. For thirty years miles after miles have been gradually added until at present there is a total of approximately 3,500 miles constructed, making the Three Eastern Provinces the best equipped with railways in all the provinces of the Chinese Republic. Tables XXVIII, XXIX and XXX along with the accompanying map give a detailed account of the Manchurian railways.

TABLE XXVIII

INCREASE OF RAILWAY MILEAGE IN MANCHURIA

1901–1929

	Miles added during the year	Total
1901	1,077.9	1,077.9
1907	384.9	1,462.8
1910	18.0	1,480.8
1911	698.4	2,179.2
1912	77.9	2,257.1
1916	18.0	2,275.1
1923	264.5	2,539.6
1924	69.0	2,608.6
1925	37.0	2,645.6
1926	217.6	2,863.2
1927	417.4	3,280.6
1928	130.4	3,411.0
1929	127.5	3,538.5

Of all the railways in Manchuria the two most important are the South Manchuria and the Chinese Eastern Railways. Tables XXXI and XXXII describe the general economic status of the South Manchuria Railway, and Tables XXXIII and XXXIV that of the Chinese Eastern Railway.

TABL

COMPLETED RAILWAYS

NAME	TERMINALS	MILEAGE		CONSTRUCTION BEGAN	OPENING DATE
		Branches	Total		
Chinchow-Chengtzetuan Ry.	Chinchow to Chengtzetuan	....	63.4	1926	1927
Chinese Eastern Ry.	Manchouli to Suifenho	924.7	....	1897	1901
	Harbin to Changchun	148.2	....	....	....
	Chalainoerh mines	5.0			
	Total	....	1,077.9		
Holikang-Lienhuapao Ry.	Holikang to Lienhuapao	....	35.0	1926	1926
Kaiyuan-Hsifeng Ry.	Kaiyuan to Hsifeng	....	39.7	1925	1926
Kirin-Changchun Ry.	Kirin to Changchun	....	77.9	1909	1912
Kirin-Hailung Ry.	Kirin to Hailung	....	127.5	1927	1929
Kirin-Tunhua Ry.	Kirin to Tunhua	....	130.4	1926	1929
Miaoerhkou-Nanfen Ry.	Miaoerhkou to Nanfen	....	5.0	1922	1923
Mukden-Hailung Ry.	Mukden to Hailung	145.7	....	1925	1927
	Hailung to Chaoyangchen	10.1			
	Meihokor to Hsian	41.9			
	Total	....	197.7		
Muling-Hsiaochengtze Ry.	Muling Colliery to Hsiaochengtze	....	37.0	1924	1925
Nuerhho-Tayaokou Ry.	Nuerhho to Tayaokou	....	18.0	1915	1916
Peiping-Mukden Ry.	Peiping to Mukden	260.4	....	1897	1907
	Lienshan to Hulutao	7.5			
	Chinchow to Peipiao	60.0			
	Koupangtze to Yingkou	57.0			
	Total	....	384.9		
South Manchuria Ry.	Dairen to Changchun	438.5		1907	1911
	Choushuitzu to Port Arthur	31.6			
	Tafangshen to Liushutun	3.6			
	Yentai to Yentai Colliery	9.7			
	Suchiatun to Antung	161.7			
	Hunho to Yushutai	2.5			
	Chienchinchai to Piaoerhtun	4.0			
	Suchiatun to Fushun	32.9			
	Tashichiao to Yingkou	13.9			
	Total	....	698.4		
Ssupingkai-Taonan Ry.	Ssupingkai to Taonan	185.5	....	1916	1923
	Tungliao to Chengchiatun	74.0			
	Total	....	259.5		
Tahusan-Tungliao Ry.	Tahushan to Tungliao	....	156.3	1921	1927
Taonan-Angangki Ry.	Taonan to Augangki	....	142.9	1925	1926
Tienpaoshan-Tumenkiang Ry.	Tienpaoshan to Tumenkiang	62.8	....	1922	1924
	Chaoyangchuan to Yenki	6.2			
	Total	....	69.0		
Tsitsihar-Angangki Ry.	Tsitsihar to Angangki	....	18.0	1909	1910
Grand total	....	....	3,538.5		

E XXIX

IN MANCHURIA, 1929

CAPITAL	CONTROL	REMARKS
Y. 4,000,000 (authorized)	Sino-Japanese	
Cost of construction to 1926, 365,649,541 gold roubles	Sino-Russian	
....	Chinese private	
$2,000,000	Chinese private	Light railway
Y. 10,800,000 (cap. & loan)	Chinese government with Japanese loan	
$12,000,000	Chinese government and private	
Y. 18,000,000 (cap. & loan)	Chinese government with Japanese loan	
....	Sino-Japanese	Light railway
$20,000,000	Chinese government	
....	Sino-Russian	
....	Chinese private	
$26,470,000 (cap. & loans)	Chinese government with British loan	Mileage for the section in Manchuria, capital for the whole line
Y. 355,156,000	Japanese	Capital account includes investment for other enterprises as well as railways
Y. 37,000,000	Chinese government with Japanese loan	
....	Chinese government	
$19,000,000	Chinese government	
Y. 5,000,000	Sino-Japanese	Light railway
$480,000	Chinese private	Light railway

TABLE XXX

Railways Under Construction and Railways Projected in Manchuria, 1929

Name	Terminals	Mileage	Remarks
I. Railways under construction:			
Hulan-Hailun Ry.	Sungpu to Hailun	124.6	From Sungpu to Suihua, 69.6 miles, already open to traffic
Penhsihu Chienchang Ry.	Penhsihu to Chienchang	77.0	From Penhsihu to Niuhsintai, etc., 14.7, already open to traffic
Tsitsihar-Keshan Ry.	Tsitsihar to Keshan	130.2	
Total		331.8	
II. Railways projected:			
Anta-Paichuan Ry.	Anta to Paichuan	90.0	
Changchun-Taonan Ry.	Changchun to Taonan	180.0	
Changchun-Fuyu Ry.	Changchun to Taonan	95.0	
Chienshan-Tengaopu Ry.	Chienshan to Tengaopu	5.5	
Hailin-Kirin Ry.	Hailin to Kirin	265.0	
Harbin-Heiho Ry.	Harbin to Heiho	335.4	Total mileage 460.0, 124.6 miles being in common with the Hulun-Hailun Ry.
Hsinmintun-Fakumen Ry.	Hsinmintun to Fakumen	40.0	
Imienpo-Sansing Ry.	Imienpo to Sansing	140.0	
Itung-Kungchuling Ry.	Itung to Kungchuling	30.0	
Kaitung-Fuyu Ry.	Kaitung to Fuyu	100.0	
Kirin-Huining Ry.	Kirin to Huining (in Korea)	71.8	Total mileage 291.4, 219.6 miles being in common with the Kirin-Tunhua line, and the Tienpaoshan-Huining line
Kirin-Wuchang Ry.	Kirin to Wuchang	100.0	
Linkiang-Antung Ry.	Linkiang to Antung	160.0	
Tungliao-Chaoyang Ry.	Tungliao to Chaoyang	10.0	Total estimated mileage 200. About two-thirds, 130 miles, of the line is in Jehol, while another 60 miles are in common with the Tahushan-Tungliao line
Tungliao-Chihfeng Ry.	Tungliao to Chihfeng	62.0	Total mileage 262, about 200 miles being in Jehol
Pitzewo-Antung Ry.	Pitzewo to Antung	129.0	
Taonan-Jehol Ry.	Taonan to Jehol	157.0	Total mileage 470, about two-thirds, 313 miles being in Jehol
Taonan-Solun Ry.	Taonan to Solun	136.0	
Tiehling-Fakumen Ry.	Tiehling to Fakumen	30.0	
Tsitsihar-Aigun Ry.	Tsitsihar to Aigun	150.0	Total mileage 300, 150 miles being in common with the Harbin-Heiho Ry.
Wuchang-Fuyu Ry.	Wuchang to Fuyu	110.0	
Yenki-Hunchun Ry.	Yenki to Hunchun	40.0	
Yenki-Sansing Ry.	Yenki to Sansing	316.0	
Yinkou-Kaiping Ry.	Yingkou to Kaiping	10.0	
Yingpan-Linkiang Ry.	Yingpan to Linkiang	140.0	
Total		2902.7	

TABLE XXXI*

THE RECEIPTS, EXPENDITURES, PROFITS, PASSENGER, AND FREIGHT STATISTICS OF THE SOUTH MANCHURIA RAILWAY, 1907-1927

(In Millions)

	RECEIPTS Y.	EXPENDITURE Y.	PROFITS Y.	PASSENGERS		FREIGHT	
				Number	Miles	Tons	Ton Miles
1907....	9.8	6.1	3.7	1.5	140.8	1.5	271.7
1908....	12.5	5.1	7.4	1.9	136.8	2.6	513.3
1909....	15.0	5.8	9.2	2.2	154.0	3.6	628.6
1910....	15.7	6.6	9.1	2.3	151.2	3.9	674.5
1911....	17.5	6.9	10.6	3.2	209.5	4.7	737.8
1912....	19.9	7.8	12.1	3.9	253.2	4.7	895.5
1913....	22.3	7.9	14.4	4.1	255.9	5.8	1,113.6
1914....	23.2	8.3	14.9	3.6	221.2	5.7	1,203.4
1915 ...	23.5	8.2	15.3	3.7	255.3	5.9	1,148.6
1916....	27.8	8.4	19.4	4.4	313.7	6.2	1,306.0
1917....	34.5	10.9	23.6	5.8	401.0	7.3	1,509.3
1918....	45.0	17.0	28.0	7.5	511.2	8.3	1,725.3
1919....	67.1	30.5	36.6	9.3	575.5	10.1	2,066.9
1920....	85.3	36.8	48.5	8.1	527.0	10.2	2,285.5
1921....	78.2	33.2	45.0	6.9	442.3	10.4	2,372.5
1922....	87.8	34.2	53.6	7.6	454.9	12.0	2,771.5
1923....	92.3	35.8	56.5	8.8	497.6	13.4	2,963.2
1924....	92.6	36.6	56.0	8.7	506.3	14.6	3,151.4
1925....	97.4	38.8	58.6	9.1	554.5	15.0	3,316.1
1926....	107.9	45.9	62.0	8.3	602.9	16.5	3,644.8
1927....	113.2	45.2	68.0	8.3	660.7	18.4	3,930.3

* The South Manchuria Railway Company, *Statistical Yearbook* (1928), pp. 64–74.

TABLE XXXII*

IMPORTANT COMMODITIES TRANSPORTED ON THE SOUTH MANCHURIA RAILWAY

(In Thousand Tons)

	1925	1926	1927
Coal	7,032.7	8,012.7	8,830.6
Soya beans..............................	1,956.3	2,348.2	2,696.4
Sorghum..............................	691.6	783.3	895.4
Timber..............................	522.9	459.5	463.6
Millet..............................	374.2	471.1	482.1
Bean cakes..............................	301.6	179.6	423.9
Iron and steel..............................	249.7	315.8	375.7
Minerals..............................	155.3	250.7	305.6
Wheat flour..............................	165.8	172.5	207.8
Salt..............................	199.6	220.0	193.3
Others..............................	3,395.6	3,321.7	3,553.4
Total..............................	15,045.3	16,535.1	18,427.8

* Manchuria Enlightening Society, *Yearbook* (1929), pp. 80–81.

TABLE XXXIII*

THE RECEIPTS, EXPENDITURE, PROFITS, PASSENGER AND FREIGHT STATISTICS OF THE CHINESE EASTERN RAILWAY, 1922–1927

(In Millions)

	Receipts	Expenditure in Gold Roubles	Profits	Passenger		Freight	
				Number	Miles	Tons	Ton Miles
1922..........	37.4	26.3	11.1	2.4	271.1	2.5	522.5
1923..........	36.1	24.3	11.8	2.5	272.2	2.8	584.0
1924..........	37.5	21.9	15.6	2.3	235.1	3.0	623.2
1925..........	48.5	24.1	24.4	2.6	235.4	3.4	692.5
1926..........	55.5	27.3	28.2	2.4	296.6	4.2	857.3
1927..........	60.2	39.4	20.8	4.5	397.0	4.9	1,017.7

* The Chinese Eastern Railway, *Statistical Yearbook of the Chinese Eastern Railway* (1927), pp. 52, 172–173, 242; pp. 51–52, 71, 257.

TABLE XXXIV*

IMPORTANT COMMODITIES TRANSPORTED ON THE CHINESE EASTERN RAILWAY

(In Thousand Tons)

	1925	1926	1927
Soya beans......................	1,463.6	1,739.1	1,971.5
Bean cakes......................	366.5	428.4	503.4
Coal............................	240.8	244.7	407.7
Timber..........................	261.0	226.7	271.8
Wheat...........................	83.6	126.5	232.7
Firewood........................	60.3	109.1	172.4
Sorghum.........................	158.5	239.6	178.3
Millet..........................	97.1	131.6	126.0
Wheat flour.....................	38.7	51.6	143.0
Salt............................	88.0	98.3	85.6
Others..........................	527.9	837.7	806.8
Total......................	3,386.0	4,233.3	4,899.2

* The Chinese Eastern Railway, *Statistical Yearbook* (1928), pp. 71–75. All figures given are for slow freight, which is practically the total freight traffic.

VI. IMMIGRATION

The population of Manchuria, like its area, cannot be exactly ascertained. Besides the 1910 census taken by Mingchenpu (Ministry of Interior) of the Imperial Government before the Revolution, there has been no other counting of the population of the Three Eastern Provinces. Even the census of 1910 was not exactly accurate at that time. The unit of counting employed was not individual but household, and the number of individuals was derived by assuming a certain number of persons for each household. The population of Manchuria remains to date a matter of conjecture. But estimates generally put it around 25 millions which probably more or less approaches the truth. Table XXXV assembles some of the important estimates that have been given.

The data given above, though heterogeneous and different in degrees of reliability, point nevertheless to a general continuous growth of the Manchurian popula-

TABLE XXXV

POPULATION OF MANCHURIA

	Year	Fengtien	Kirin	Heilungkiang	Manchuria
Little, A[*]	1905[†]	12,000,000	7,000,000	2,000,000	21,000,000
Chinese government[‡]	1910[†]	...	...	...	14,917,000
Encyclopedia Britannica[§]	1911	4,000,000	6,500,000	2,000,000	12,500,000
Chinese Maritime Customs[‖]	1912	...	...	...	19,290,000
Chinese-Bureau of Statistics[¶]	1912	12,133,403	5,580,030	2,028,776	19,742,209
Kwantung government[**]	1916[†]	11,619,146	5,053,481	2,094,532	18,767,159
Chinese post office[††]	1923	12,824,779	9,258,655		22,083,034
South Manchuria Ry. Co.[‡‡]	1924	14,408,779	7,356,993	3,940,535	25,706,307
Kuma, Takeshi[§§]	1926	...	...	...	25,085,800
Manchuria Enlightening Society[‖‖]	1927	13,472,000	6,429,000	3,558,000	23,459,000
Statesman's Yearbook[¶¶]	1927	15,000,000	7,500,000	2,500,000	24,520,661[***]

[*] *Op. cit.*, p. 158.

[†] Date of the publication.

[‡] Ministry of Interior (Mingchengpu), 1910.

[§] 11th ed., Vol. XVII, p. 553.

[‖] *Returns of Trade and Trade Report* (1922), Part I: "Abstracts of Statistics," p. 44.

[¶] The Commercial Press, *Yearbook of China* (1924), p. 49.

[**] *Products of Manchuria* (1916), pp. 20–27.

[††] *China Yearbook* (1926), pp. 3, 12–14.

[‡‡] *Statistical Yearbook* (1926), pp. 220–228.

[§§] *Politico-Economic Value of North Manchuria* (1923), pp. 268–272.

[‖‖] *Yearbook* (1928), p. 15.

[¶¶] 1928, p. 752.

[***] The reason why this total does not agree with the sum of the population of the three individual provinces is that the *Yearbook* has given these populations in merely approximate figures.

tion from the neighbourhood of 15 millions at the time of the establishment of the Republic to 25 millions at present. In the absence of any systematic yearly estimate, the data given by the Chinese Maritime Customs for the population of the seven Manchurian ports can be utilized as a rough indicator of the general trend of growth. Table XXXVI contains the data and the index numbers.

The distribution by nationality of the Manchurian population is also a matter of uncertainty. For the Japanese there are reliable and systematic statistics. As to other nationalities even for the Koreans who are now under Japanese rule there is no authentic account. The general estimate is that at least 95 per cent of the population are Chinese, 3 per cent Manchus, and the rest belong to other nationalities. Taking the estimate of the South Manchurian Railway Company as the basis of computation and accepting as correct the Japanese official data for the Japanese and Korean populations in Manchuria, the nationality distribution of the Manchurian population at present can be mapped out somewhat as shown in Table XXXVII.

Aside from its natural growth, the population of Manchuria differs from that of other parts of China, in that it increases by immigration also. Chinese, Japanese, Koreans, Russians,and many others arrive in the Three Eastern Provinces in a continuous flow, either for temporary business or for making permanent homes in

TABLE XXXVI*

Population of the Manchurian Ports as Estimated ry the Chinese Maritime Customs

	Aigun		Antung		Dairen		Harbin		Hunchun		Lungchingtsun		Newchang		Total	
	No.	Index	No.	Index	No.	Index	No.	Index	No.	Index	No.	Index	No.	Index	No.	Index
1910	9,000	250.0	143,000	353.1	16,000	65.3	30,000	36.9	20,000	476.2	......	......	52,000	96.8	....	......
1911	2,900	55.6	161,000	397.5	20,000	81.6	35,000	43.0	4,500	107.1	500	83.3	61,000	113.6	284,000	136.2
1912	5,800	161.1	34,000	84.0	20,000	81.6	3,700	4.6	3,700	88.1	500	83.3	61,000	113.6	128,700	61.7
1913	3,600	100.0	40,500	100.0	24,500	100.0	81,400	100.0	4,200	100.0	600	100.0	53,700	100.0	208,500	100.0
1914	3,040	84.4	40,500	100.0	36,000	146.0	31,400	38.6	4,000	95.2	700	116.7	53,900	100.4	169,540	81.3
1915	25,410	705.8	30,410	75.1	40,860	166.8	28,600	35.1	2,610	62.1	670	111.7	54,380	101.3	182,940	87.7
1916	23,400	650.0	32,790	81.0	64,570	190.1	28,600	35.1	2,620	62.4	650	108.3	114,860	213.9	249,490	119.7
1917	23,814	661.5	45,091	111.3	49,784	203.2	28,600	35.1	2,619	62.4	650	108.3	56,683	105.6	207,241	99.4
1918	18,546	515.2	51,834	128.0	54,715	223.3	28,600	35.1	3,548	84.5	3,171	528.5	53,061	108.1	218,475	104.8
1919	14,200	394.4	77,100	190.4	62,600	255.5	115,700	142.1	4,600	109.5	3,300	550.0	64,500	120.1	342,000	164.0
1920	15,000	416.7	90,100	222.5	124,000	506.1	150,400	184.8	3,800	90.5	3,200	533.3	64,500	120.1	451,000	216.3
1921	27,200	755.6	84,000	207.4	116,200	474.3	155,700	191.3	4,700	111.9	2,300	383.3	65,600	122.2	455,700	218.6
1922	35,900	997.2	94,300	232.8	168,300	686.9	103,400	127.0	39,700	945.2	2,900	483.3	65,600	122.2	510,100	244.7
1923	33,200	941.7	101,800	251.1	175,200	715.1	103,400	127.0	21,400	509.5	2,200	366.7	65,600	122.2	502,800	202.3
1924	32,100	891.7	74,600	184.2	180,700	737.6	165,500	203.3	59,600	1,419.1	2,200	366.7	65,600	122.2	580,400	278.3
1925	41,600	1,155.6	72,500	179.0	201,400	822.0	159,400	195.7	59,800	1,423.8	3,300	550.0	65,600	122.2	603,500	289.4
1926	41,100	1,141.7	73,900	182.5	203.900	832 2	164,900	202.6	64,100	1,526.2	3,000	500.0	65,600	122.2	616,500	295.7
1927	39,400	1,094.4	75,500	186.4	222,400	907.8	186,000	228.5	18,700	445.2	3,400	566.7	65,600	122.2	611,900	293.1

* *Foreign Trade of China* (1910–1927), Part I: "Report and Abstract of Statistics."

TABLE XXXVII

Nationality Distribution of the Population in Manchuria

Japanese nationals:			
Japanese:			
In Kwantung leased territory, etc.	195,467		
Other places in Manchuria	7,702		
Total		203,169	
Koreans:			
In Kwantung leased territory, etc.	48,947		
Other places in Manchuria	403,415		
Total		452,362	
Total			655,531
Russians†			80,000
Other Europeans†			5,000
Manchus (3% of the total population)			771,189
Chinese			24,194,587
Total population in Manchuria‡			25,706,307

* Manchuria Enlightening Society, *Yearbook* (1929), pp. 18–21.

† Rough estimate by the writer.

‡ The South Manchuria Railway Co., *Statistical Yearbook* (1926), pp. 220–228.

this vast undeveloped land. Among all those coming in every year the Chinese, Koreans, and Japanese are most important. A few words will be said about each. First, the Japanese.

The total Japanese population in Manchuria, according to the Japanese estimate, is 203,169 in 1928. Of this total 195,467, or 96 per cent, are in the Kwantung Leased Territory, regions along the South Manchuria Railway, and places under the extra-territorially extended jurisdiction of Japanese consuls, the rest, 7,702 scattering all over the three provinces. For the above-mentioned places the Kwantung Government has collected detailed yearly data. As ninety-six per cent of the Japanese in Manchuria are mustered in these places, the statistics for them can be taken as a good indication of the Japanese population in Manchuria as a whole and, at the same time, can be used as the basis for computing the probable yearly changes in the Japanese immigration into Manchuria. Table XXXVIII gives the data, percentage comparisons, and index numbers for the years 1905 to 1928 of the Japanese population in Manchuria as a whole.

From Table XXXVIII it will be observed that the Japanese population in Manchuria has been continually increasing. The increase is partly due to the natural growth of the population, an excess of births over deaths, and partly due to the annual addition of immigrants. The Kwantung Government which furnishes us with the above data has also computed the annual rates of natural increase of the Japanese population. On the basis of these rates it is possible to compute the annual increase by natural growth and consequently by immigration. Table XXXIX gives the results of this computation.

TABLE XXXVIII

JAPANESE POPULATION IN MANCHURIA, 1905–1928

	KWANTUNG LEASED TERRITORY, ETC.			OTHER PLACES			TOTAL	
	Number*	Index	Percentage of Total	Number	Index	Percentage of Total	Number	Index
1905	5,025	5.6						
1906	16,613	18.4						
1907	37,885	42.0						
1908	46,942	52.0	80.3	11,491‡	276.6	19.7	58,433§	61.9
1909	65,901	73.0	96.8	2,195‡	52.8	3.2	68,096§	72.1
1910	74,271	82.3	97.3	2,062‡	49.6	2.7	76,333§	80.8
1911	79,001	87.5	94.6	3,506‡	84.4	5.4	82,507§	87.3
1912	85,338	94.5	95.9	3,633‡	87.6	4.1	88,971§	94.2
1913	90,297	100.0	95.6	4,154‡	100.0	4.4	94,451§	100.0
1914	94,707	104.9	93.9	6,128‡	147.5	6.1	100,835§	106.8
1915	97,062	107.5	95.5	4,524‡	108.9	4.5	101,586§	107.6
1916	103,025	114.1	93.4	7,324‡	176.3	6.6	110,349§	116.8
1917	111,578	123.6	92.9	8,582‡	206.6	7.1	120,160§	127.2
1918	124,355	137.7	95.2	6,203‡	149.3	4.8	130,558§	138.2
1919	139,734	154.8						
1920	152,787	169.2						
1921	158,133	175.1	96.7	5,434‖	130.8	3.3	163,567‡	173.2
1922	163,587	181.2						
1923	169,216	187.4	97.5	4,399‖	105.9	2.5	173,615‡	183.8
1924	173,896	192.6	97.5	4,399‖	105.9	2.5	178,295‡	188.8
1925	180,149	199.5						
1926	183,210†	202.9						
1927	189,073†	209.4	88.3	25,077‖	603.7	11.7	214,150‡	226.7
1928	195,467†	216.5	96.2	7,702‖	185.4	3.8	203,169‡	215.1

* The Kwantung government, *Statistics*, p. 8 facing.

† Manchuria Enlightening Society, *Yearbook* (1927), pp. 10–11; *ibid.* (1928), pp. 16–17; *ibid.* (1929), pp. 18-19.

‡ Imputed by the writer.

§ Manchuria Enlightening Society, *Encyclopedia*, Vol. VI, pp. 995–996, I, 179–180.

‖ Manchuria Enlightening Society, *Yearbook* (1922), pp. 24–25; *ibid.* (1924), pp. 17–19; *ibid.* (1925), pp. 13-15; *ibid.* (1926), 13-15; *ibid.* (1927), p. 13; *ibid.* (1928), pp. 16-17; *ibid.* (1929), pp. 20-21.

TABLE XXXIX

The Probable Trend of Changes in the Japanese Immigration into Manchuria

	Number of Total Population	Excess Over Previous Year	Increase by Natural Growth			Increase by Immigration		
			(*C*)	(*D*)	(*E*)	(*F*)	(*G*)	(*H*)
	(*A*)	(*B*)	*Rate	Number†	Index	Rate	Number‡	Index§
1907	37,885	21,272	−7.0	−116	−7.7	1287.4	21,388	618.7
1908	46,942	9,057	−4.9	−186	−12.4	244.0	9,243	267.4
1909	65,901	18,959	−7.2	−338	−22.5	411.1	19,297	558.2
1910	74,271	8,370	3.9	257	17.1	123.1	8,113	234.7
1911	79,001	4,730	7.8	579	38.5	55.9	4,151	120.1
1912	85,338	6,337	14.5	1,146	76.3	65.7	5,191	150.2
1913	90,297	4,959	17.6	1,502	100.0	40.5	3,457	100.0
1914	94,707	4,410	17.2	1,553	103.4	31.6	2,857	82.6
1915	97,062	2,355	15.0	1,421	94.6	9.9	934	27.0
1916	103,025	5,963	16.1	1,563	104.1	45.3	4,400	127.3
1917	111,578	8,553	15.2	1,566	104.3	67.8	6,987	202.1
1918	124,355	12,777	9.0	1,004	66.8	105.5	11,773	340.6
1919	139,734	15,379	4.6	572	38.1	119.1	14,807	428.3
1920	152,787	13,053	10.8	1,509	100.5	82.6	11,544	333.9
1921	158,133	5,346	17.8	2,720	181.1	17.2	2,626	76.0
1922	168,587	10,454	19.8	3,131	208.5	46.3	7,323	211.8
1923	169,216	629	16.3	2,748	183.0	−12.6	−2,119	−61.3
1924	173,896	4,680	18.6	3,147	209.5	9.1	1,533	44.3
1925	180,149	6,253	18.8	3,269	217.6	17.2	2,984	86.3

* The Kwantung government, *Statistics*, p. 162 facing.

† *C* times *A* of the previous year.

‡ *B* minus *D*.

§ *G* divided by *A* of the previous year.

The occupations of the Japanese immigrants cannot be ascertained with exactness. Tables XL and XLI which analyse the occupations of the Japanese population as a whole may however throw some light on the subject.

The number of Koreans in Manchuria is a matter difficult to ascertain. Because of the easy access to the Chinese territory, the many years since some of the families migrated, and the large number of naturalizations, Koreans in Manchuria have been mixed up with the Chinese so as to make it well-nigh impossible to obtain an exact counting of them in the whole of the Three Eastern Provinces. According to the Japanese estimate given in Table XXXVII, the number of Koreans in Manchuria was 452,362 in 1928. This probably is an underestimate. The majority of the Korean immigrants confine themselves to the eastern section of Kirin where in some of the districts such as Lungho, Wangching, Hunchun, and Yenchi, they exceed in number even the Chinese. Their occupation is chiefly agriculture, particularly rice growing. Table XLII, compiled from different Japanese sources, may give some indication of the general trend of Korean immigration into Manchuria.

Table XLIII combines the total Japanese and Korean populations in Manchuria for the years for which statistics are available.

Chinese immigrants into Manchuria generally come from the provinces of Chihli[15] and Shantung. Because of the difficulties of securing a living in the home land on the one hand and the unlimited promise which Manchuria holds out on the other, hundreds, even thousands have migrated yearly into the Three Eastern Provinces. The migration has been greatly accelerated during recent years by the famines and wars that generally obtained in the northern provinces of China before the unification of the whole country under the Nationalist Government. In regard to the number of immigrants into Manchuria, statistics are very scarce and when obtainable are of doubtful value. The figures[16] which appeared recently in an article published in a Chinese government magazine (see Table XLIV) may be taken as a rough indicator of this mighty movement.

In going from their home land to Manchuria Chinese immigrants can travel either by sea or by land. By sea they take ship from such ports as Kiaochow, Chefoo, and Tientsin to land at Dairen, Antung, and Newchwang; and by land they take train from Tsinan or Tientsin to Mukden and thence to the north. The statistics for the arrivals at the different ports of Manchuria in 1927 are given in Table XLV.

Until recently Chinese immigrants went to Manchuria mostly for seasonal employment. As the territory is newly developed, labor is comparatively scarce. The high wages which Manchurian landowners pay for farm hands attract many into the Three Eastern Provinces. Early in the spring these yearly migratory workers used to leave their homes for Manchuria arriving there just in time to commence the tillage. They worked during spring, summer, and autumn and when winter came they took their savings, whatever amount they were, to return home

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[15] Recently changed to Hopei.

[16] Said to be compiled from Japanese sources.

TABLE XL*

OCCUPATIONS OF JAPANESE IN THE KWANTUNG LEASED TERRITORY, REGIONS ALONG THE SOUTH MANCHURIA RAILWAY, AND PLACES UNDER EXTRA-TERRITORIALLY EXTENDED JURISDICTION OF JAPANESE CONSULS, 1908–1925

	Agriculture	Fishery	Mining	Manufacturing	Commerce	Transportation	Professional	Others	Total
1908......	166	218	6,747		10,903		4,277	24,260	46,571
1909......	339	224	9,721		15,942		7,889	30,844	64,959
1910......	507	397	11,026		16,992		8,513	36,806	74,241
1911......	353	310	13,147		16,623		10,155	38,295	78,883
1912......	539	463	14,500		15,774		10,600	42,992	84,868
1913......	843	402	15,887		16,979		11,407	44,431	89,949
1914......	1,252	435	16,087		18,570		11,475	46,459	94,278
1915......	1,551	415	17,257		18,415		12,068	47,186	96,892
1916......	2,035	420	22,307		21,813		12,937	44,398	103,910
1917......	5,471	484	24,861		28,197		14,681	42,977	116,671
1918......	15,049	679	9,285	32,607	27,277	23,278	18,743	12,382	139,300
1919......	20,335	604	10,691	39,964	31,734	25,343	22,305	9,987	160,963
1920......	29,626		10,767	42,027	39,386	29,117	19,212	13,922	184,057
1921......	29,614	539	10,895	42,674	39,957	29,283	28,714	7,709	189.385
1922......	29,485	548	10,100	42,224	38,945	33,618	31,213	7,612	193,745
1923......	28,318	842	8,861	43,962	38,476	34,279	34,490	8,938	198,166
1924......	29,572	673	7,348	46,306	38,135	34,796	36,233	12,084	205,147
1925......	50,941	688	9,288	46,220	38,973	35,908	38,198	15,446	235,662

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* The Kwantung government, *Statistics*, pp. 40–41.

TABLE XLI

PERCENTAGE COMPARISON OF THE OCCUPATIONS OF THE JAPANESE IN THE KWANTUNG LEASED TERRITORY, REGIONS ALONG THE SOUTH MANCHURIA RAILWAY, AND PLACES UNDER THE EXTRA-TERRITORIALLY EXTENDED JURISDICTION OF JAPANESE CONSULS, 1908–1925

	Agriculture	Fishery	Mining	Manufacture	Commerce	Transportation	Professional	Others	Total
1908......	.4	.5	14.5		23.4		9.2	52.0	100.0
1909......	.5	.4	15.0		24.5		12.1	47.5	100.0
1910......	.7	.5	14.8		22.9		11.5	49.6	100.0
1911......	.4	.4	16.7		21.1		12.9	48.5	100.0
1912......	.6	.6	17.1		18.6		12.5	50.6	100.0
1913......	.9	.4	17.7		18.9		12.7	49.4	100.0
1914......	1.3	.5	17.0		19.7		12.2	49.3	100.0
1915......	1.6	.4	17.8		19.0		12.5	48.7	100.0
1916......	2.0	.4	21.5		21.0		12.4	42.7	100.0
1917......	4.7	.4	21.3		24.2		12.6	36.8	100.0
1918......	10.8	.5	6.7	23.4	19.6	16.7	13.5	8.8	100.0
1919......	12.6	.4	6.6	24.8	19.7	15.8	13.9	6.2	100.0
1920......	16.1		5.9	22.8	21.4	15.8	10.4	7.6	100.0
1921......	15.6	.3	5.8	22.5	21.1	15.5	15.2	4.0	100.0
1922......	15.2	.3	5.2	21.8	20.1	17.4	16.1	3.9	100.0
1923......	14.3	.4	4.5	22.2	19.4	17.3	17.4	4.5	100.0
1924......	14.4	.3	3.6	22.6	18.6	17.3	17.7	5.8	100.0
1925......	21.6	.3	3.9	19.6	16.5	15.3	16.2	6.6	100.0

TABLE XLII

KOREAN POPULATION IN MANCHURIA

	KWANTUNG LEASED TERRITORY, ETC.			OTHER PLACES			TOTAL	
	Number*	Index	Percentage of total	Number	Index	Percentage of total	Number	Index
1910......	604	63.3	1.2	51,466‡	20.5	98.8	52,070§	20.7
1911......	762	79.9	1.4	54,755‡	22.9	98.6	55,517§	22.0
1912......	687	72.0	.3	237.716‡	94.6	99.7	238,403§	94.6
1913......	954	100.0	.4	251,164‡	100.0	99.6	252,118§	100.0
1914......	1,295	135.7	.5	270,093‡	107.5	99.5	271,388§	107.6
1915......	1,496	156.8	.5	280,574‡	111.7	99.5	282,070§	111.9
1916......	2,435	255.2	.7	325,863‡	129.7	99.3	328,298§	130.2
1917......	6,786	720.8	2.0	330,675‡	131.7	98.0	337,461§	133.9
1918......	16,666	1,747.0	4.6	345,106‡	137.4	95.4	361,772§	143.5
1919......	22,738	2,383.4						
1920......	32,435	3,399.9						
1921......	33,662	3,528.5	10.7	280,164‖	111.5	89.3	313,826‡	124.5
1922......	33,339	3,499.9						
1923......	33,956	3,559.3	74.5	11.614‖	4.6	25.5	45,570‡	18.1
1924......	36,404	3,815.3	75.8	11.614‖	4.6	24.2	48,018‡	19.1
1925......	61,099	6,404.5						
1926......	40,395†	4,234.3						
1927......	43,778†	4,588.9	8.3	484.580‖	192.9	91.7	528,358‡	209.6
1928......	48,947†	5,130.7	10.8	403.415‖	160.6	89.2	452,362‡	179.4

* The Kwantung government, *Statistics*, p. 8 facing.

† Manchuria Enlightening Society, *Yearbook* (1927), pp. 10–11; *ibid.* (1928), pp. 16–17; *ibid.* (1929), pp. 18-19.

‡ Imputed by the writer.

§ Manchuria Enlightening Society, *Encyclopedia*, Vol. VI, pp. 995–996, 1179–1180.

‖ Manchuria Enlightening Society, *Yearbook* (1922), pp. 24–25; *ibid.* (1924), pp. 17–19; *ibid.* (1925), pp. 13–15; *ibid.* (1926), pp. 13–15; *ibid.* (1927), p. 13; *ibid.* (1928), pp. 16–17; *ibid.* (1929), (1925), pp. 13-15; *ibid.* (1926), 13-15; *ibid.* (1927), p. 13; *ibid.* (1928), pp. 16-17; *ibid.* (1929), pp. 20-21.

TABLE XLIII*

JAPANESE AND KOREAN POPULATIONS IN MANCHURIA

	JAPANESE			KOREANS			TOTAL	
	Number	Index	Percentage of Total	Number	Index	Percentage of Total	Number	Index
1910....	76,333	80.8	59.4	52,070	20.7	40.6	128,403	37.1
1911....	82,507	87.3	59.8	55,517	22.0	40.2	138,024	39.8
1912....	88,971	94.2	27.2	238,403	94.6	72.8	327,374	94.5
1913....	94,451	100.0	27.3	252,118	100.0	72.7	346,569	100.0
1914....	100,835	106.8	27.1	271,388	107.6	72.9	372,223	107.4
1915....	101,586	107.6	26.5	282,070	111.9	73.5	383,656	110.7
1916....	110,349	116.8	25.2	328,298	130.2	74.8	438,647	126.6
1917....	120,160	127.2	26.3	337,461	133.9	73.7	457,621	132.0
1918....	130,558	138.2	26.5	361,772	143.5	73.5	492,330	142.1
1921....	163,567	173.2	34.3	313,826	124.5	65.7	477,393	137.8
1923....	173,615	183.8	79.2	45,570	18.1	20.8	219.185	63.2
1924....	178,295	188.8	78.8	48,018	19.1	21.2	226,313	65.3
1927....	214,150	226.7	28.8	528,358	209.7	71.2	742,508	214.3
1928....	203,169	215.1	31.0	452,362	179.4	69.0	655,531	189.2

* For reference see footnotes in Tables XXXVIII and XLII.

TABLE XLIV*

CHINESE IMMIGRANTS INTO MANCHURIA

Year	Number
1923	390,000
1924	430,000
1925	490,000
1926	590,000
1927	1,065,000
1928	938,000

* China—Bureau of Industrial and Commercial Information, *Semi-monthly Economic Journal*, Vol. I, No. 11 (June 1, 1929), p. 2.

for the new year festival. Some of them, of course, stayed to make permanent homes in Manchuria, but the majority went merely for the seasonal employment.

The situation was changed, however, with the change of events in recent years. The wars, famines, and crushing taxes made life almost impossible in some of the provinces, particularly Shantung, and immigrants into Manchuria began to prefer permanent settlement in the new land to returning to the old. Consequently, an important change took place in the nature of the immigration. Before immigrants went to Manchuria single. But recently they go with families. The percentage of women among the immigrants was 17.3 per cent for the port of Dairen in 1928,[17] and the number of those who return to their home land is decreasing yearly. The data in Table XLVI for the past four years show this decreasing tendency.

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[17] *Ibid.*, pp. 3–5.

TABLE XLV*

ARRIVALS OF CHINESE IMMIGRANTS AT THE PORTS OF MANCHURIA, 1927 AND 1928

	DAIREN		NEWCHWANG		ANTUNG		MUKDEN		TOTAL	
	Number	%	Number	%	Number	%	Number	%	Number	%
1927	599,452	57.1	158,771	14.6	78,879	7.5	218,726	20.8	1,050,828	100.0
1928	506,553	54.0	152,556	16.3	52,307	5.6	226,660	24.1	938,076†	100.0

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* *Ibid.*, pp. 8–9.
† Corrected.

TABLE XLVI*

COMPARATIVE TABLE OF CHINESE IMMIGRANTS WHO REMAIN PERMANENTLY IN MANCHURIA

	TOTAL IMMIGRANTS		THOSE RETURNING		THOSE REMAINING	
	Number	%	Number	%	Number	%
1925	490,000	100.0	215,000	43.9	275,000	56.1
1926	590,000	100.0	297,000	50.3	293,000	49.7
1927	1,065,000	100.0	317,000	29.8	748,000	70.2
1928	938,000	100.0	394,000	42.0	544,000	58.0

* *Ibid. p.* 2.

The chief occupation of the Chinese immigrants in Manchuria is agriculture. Some of them are engaged in railway building and mining also, but their number is comparatively small. Directly after their arrival in the Three Eastern Provinces, the immigrants proceed to places where they can either obtain land for themselves or be employed on some farms. As most of the land in the south has been already exploited, the tendency among the Chinese immigrants is to go to the north of Harbin and east of Changchun where better opportunities are waiting for them. Table XLVII gives the 1927 and 1928 figures for immigrants who took train north after their arrival at the southern ports, and Table XLVIII the number of immigrants into northern Manchuria according to a Russian estimate.

TABLE XLVII*

CHINESE IMMIGRANTS WHO TOOK TRAIN NORTH AFTER ARRIVAL AT SOUTHERN PORTS 1927 AND 1928

	1927		1928	
	Number	%	Number	%
Anshan	9,408	1.8	10,868	1.6
Liaoyang	....	....	768	.1
Mukden	78,947	14.7	73,962	11.1
Tiehling	10,425	1.9	31,618	4.7
Kaiyuan	36,609	6.8	45,046	6.7
Ssupingkai	20,734	3.9	33,217	5.0
Kungchuling	9,368	1.7	13,863	2.1
Changchun	269,973	50.4	327,485	49,0
Fushun	64,710	12.1	87,307	13.1
Penhsihu	....	....	13,664	2.0
Other places	35,825	6.7	30,803	4.6
Total	535,999	100.0	668,601	100.0

* *Ibid.*, pp. 16–17.

TABLE XLVIII*

Chinese Immigrants into Northern Manchuria

Year	Number
1925 more than	40,000
1926 more than	105,000
1927 more than	350,000
1928 more than	600,000

* The Chinese Eastern Railway, *The Chinese Eastern Raliway and Its Zone* (1928), sheet 5.

VII. CONCLUSION

In the foregoing pages an attempt has been made to describe statistically some of the economic factors which underlie the future development of Manchuria. The data given, though fragmentary and in many cases of doubtful value, point nevertheless to the immensity of the Manchurian resources and the great potentiality the territory possesses. With an area of about the size of Germany and France combined, its population is only one-fourth of those two countries. In agriculture it produces practically all the crops that are important, and half of its cultivable area is still uncultivated. Its mineral resources, though still largely unknown, are quite promising along all lines, and in forests it finds only few rivals in the world. The industries are just beginning. But with the unlimited supply of raw material at hand, their future will unquestionably be great. The trade is well developed, and railway facilities are fairly supplied. With further increase in the number of immigrants and liberal investment of capital, Manchuria promises to be a land of great opportunities which, if justly and well exploited, can be of benefit not only to one nation, or a few nations, but to the world at large.

MEASUREMENT EQUIVALENTS

Chinese	catty = 1.33333 lbs.
Chinese	shih = 2.84722 bu.
Chinese	mow = 0.14704 acre
Chinese	tienti = 1.47042 acres
Chinese	hsiang = 1.81989 acres
Japanese	koku = 4.96019 bu.
Japanese	koku for timber = 9.82683 cu. ft.
Japanese	tan = 0.24507 acre
Japanese	cho = 2.45070 acres

XI

CHINESE COLONIZATION AND THE DEVELOPMENT OF MANCHURIA

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I. HISTORY OF CHINESE COLONIZATION IN MANCHURIA

Chinese colonization in Manchuria is not a new phenomenon; it antedates the Christian era. In fact, by 1900 perhaps 80 per cent of the population of Manchuria (estimated then at 14,000,000) were Chinese. The valley of the Liao river, in spite of localized unproductive areas, is naturally fertile and in consequence was settled by many Chinese farmers from the south long before the establishment of the Manchu dynasty in 1644. It appears that during the later years of the Chou dynasty, the ruler Chao-wang (311–278 B.C.) established a measure of Chinese rule in the Liaotung peninsula by expulsion of certain of the native tribes of the Tung-hu from the Jehol hill country.[1] So also in the Han dynasty (roughly 200 years before and after the Christian era) the Chinese sway was extended from what is now Chosen (Chao-hsien) as a base. But Chinese administrative control in what is now southern Manchuria was later contested by the nomad tribes which threatened, and eventually contributed to the fall of, the T'ang dynasty, these native tribesmen, the Kitan Tatars, subduing southern Manchuria before the establishment of their dynasty, the Liao, in the basin of the Yellow River. That was in the tenth century.

In the twelfth century a new nomad tribe of the Amur river country, the Nuchen, rose to threaten and then to displace the Kitan Tatars; they even drove the Chinese Sung dynasty's dominion south to the Yangtze valley. The Yuan or Mongol dynasty, which followed the Sung, permitted the Cherim prairie country (roughly that territory of present Manchuria spreading west from the basin of the Liao and upper Sungari rivers toward Mongolia) to revert to the control of the native tribesmen, but maintained their political sway over much of Manchuria. The Ming dynasty, which followed, drove the Mongols back into Outer Mongolia, but the Ming were in turn threatened and supplanted by a hitherto obscure nomad tribe of Manchuria, which later became known as the Manchu, the latter having established their dominion in the Liao river country with a capital at Mukden by 1621. Nurhachu, scion of that obscure tribe of central Manchuria, the Nuchen, had

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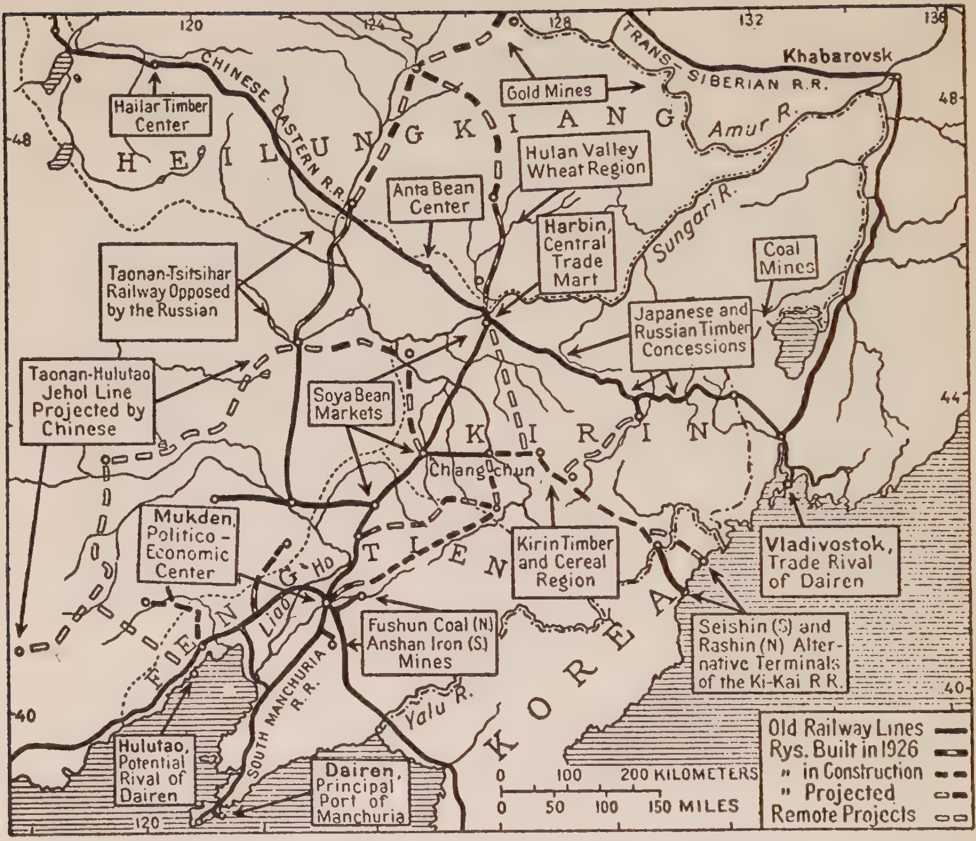
[1] An excellent review of early Chinese colonization in Manchuria and of the conflicts of the Chinese with native tribes of the northeast, north, and northwest, may be found in Dr. Hsü Shuhsi's *China and Her Political Entity* (1926). The writer is indebted to this work for a portion of the material in the first section of this historical study.


120
124
128
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40
120
TRANS-SIBERIAN R.R.
Khabarovsk
Amur R.
Gold Mines
CHINESE EASTERN R.R.
Hailar Timber Center
H E I L U N G K I A N G
Hulan Valley Wheat Region
Anta Bean Center
Harbin, Central Trade Mart
Sungari R.
Coal Mines
Taonan-Tsitsihar Railway Opposed by the Russian
Japanese and Russian Timber Concessions
Taonan-Hulutao Jehol Line Projected by Chinese
Soya Bean Markets
K I R I N
Ch'ang chun
Mukden, Politico-Economic Center
Kirin Timber and Cereal Region
Vladivostok, Trade Rival of Dairen
F E N G T I E N
Liao Ho
Fushun Coal (N) Anshan Iron (S) Mines
Seishin (S) and Rashin (N) Alternative Terminals of the Ki-Kai R.R.
SOUTH MANCHURIA R.R.
Yalu R.
K O R E A
Hulutao, Potential Rival of Dairen
Dairen, Principal Port of Manchuria
0 100 200 KILOMETERS
0 50 100 150 MILES
Old Railway Lines
Rys. Built in 1926
" in Construction
" Projected
Remote Projects

ECONOMIC BASES OF THE MANCHURIAN RAILWAY SYSTEM
(Map drawn by the author)

Courtesy of the Geographical Review, New York succeeded, partly through the native vigor of his nomad followers, and partly through the preoccupation of the Ming armies and administration in external wars and in suppressing the internal insurrections of the White Lily Society (Pai Lien Chiao). His son and successor, later the Manchu (Ch'ing) emperor T'ai Tsung, conquered Korea and in 1644 the Manchus were successful in establishing their rule over China.

During these centuries of contested dominion over Manchuria a slow seepage of Chinese immigrants had crossed the Gulf of Pechihli or had penetrated overland into the Liao valley. Then followed the first significant period of Chinese colonization in southern Manchuria, the period which interestingly enough, was exactly contemporaneous with the Colonial period in American history, i.e., the period after 1644. The unsettled conditions in northern China prevailing during the wars which resulted in the subjugation of China by the Manchus and the establishment of the Ch'ing dynasty, then as now, drove hundreds of Chinese from Shantung beyond the Palisade. This steady influx, at times encouraged by the Manchu military in these northern marches for the dual purpose of obtaining taxable subjects and of countering the Russian advance on the Amur, continued especially until 1776, another date which curiously enough had great political significance in the western world.[2]

Then began in earnest the exclusion policy of the Manchu dynasty in an effort to stem the tide of Chinese immigration into Manchuria and save their motherland for their race. In that memorable year, Ch'ien Lung, one of the greatest of "Chinese" emperors, issued his famous edict, apparently to enforce a non-enforceable policy initiated by his predecessor, Yung-cheng, i.e., to preserve Manchuria for the Manchus. That edict declared that "Shengking and Kirin are the home of the dynasty. To permit immigrants to settle down there would greatly affect the Manchu mode of life. In Shengking, which is adjacent to Shantung and Chihli, immigrants have, during years of peace, gradually gathered. . . . Let Fu Sen be commissioned to investigate and settle the matter, and orders be given out that immigrants are forever prohibited from entrance."[3] To deflect the tide of Chinese immigration, however, Ch'ien Lung ordered that the Jehol hills be open to such colonization. But rebellions of secret societies broke out during the later years of his reign and continued in the reign of Chia-ching. As before, the conditions of unsettlement contributed to an ever-increasing flow of Chinese into southern Manchuria.

The story of the Manchu efforts to exclude Chinese immigrants from Manchuria is an ironical record of defeat for the victorious. Neither the measures taken to exclude the Chinese, nor the positive programs for settlement of the territory with Manchu Bannermen, succeeded in checking what H. G. Wells has aptly called the "enormous powers of permeation and extension" of the "cultivating civilization of China." The once virile Manchu soldiery, who had become as a group quite otherwise in the languorous atmosphere of Peking and the southern provinces, were neither capable nor inclined to go back to the motherland, far less to till the soil. Their land grants were absorbed by the superior colonists, the Chinese farmers, who, then as after 1905 when the Japanese made efforts to settle their nationals along the South Manchuria Railway zone, willingly paid lease and rental rates to the landlords who were content with income from the labor of the Chinese. In spite of the stringent regulations governing issuance of passports to Chinese, and prohibitions devised to prevent them from purchasing land, southern Manchuria was by degrees populated by these farmers from Shantung and Chihli.

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[2] The writer has made liberal use of his materials previously published in American and Far Eastern periodicals, in this section his article "Manchuria, a New Homeland of the Chinese" in *Current History* (N.Y.), July, 1928.

[3] Hsü, *op. cit.*, pp. 62–63; *North Manchuria and the Chinese Eastern Railway* (published by the railway company in 1924, Harbin), pp. 5–10.

During the early part of the reign of Tao Kuang (1821–1851), or contemporary with the westward movement of pioneers across the Alleghenies and Appalachians in the United States, and shortly after the embassy of Lord Amherst to Peking, these lands in southern Manchuria were opened for sale to Chinese in order to recoup the imperial treasury. Thereupon, "the Chinese rushed upon them like birds of prey, and a few years sufficed to remove everything that could in any way recall the memory of their ancient possessors."[4] Abbé Huc, that intrepid prelate-traveller who visited southern Manchuria in 1844–1846, wrote of this rush of immigrants into southern Manchuria, remarking that: "It would be vain for any one now to seek in Mantchouria a single town, a single village, that is not composed entirely of Chinese. You may now traverse Mantchouria to the river Amour without being at all aware that you are not traveling in a province of China."[5] That assertion was, in the main, right—though, to be sure, the last remnants of the nomad tribes of the Amur river country had not been completely displaced. By the middle of the nineteenth century one may say, however, that in southern Manchuria all but the last vestiges of civilization alien to the Chinese had been blotted out. Mukden, the home capital of the Manchus, had become a Chinese city, while the river valleys of Heilungkiang province, far to the north, had become populated in large measure with Chinese principally from Shantung and Chihli. Ch'ien Lung's efforts to deflect the tide of Chinese immigration toward the Jehol hills, and to preserve Kirin province pure for the Manchus, failed, except for the temporary increase in Chinese immigration in the Jehol area. The whole Liao valley in Shengking province had become settled by Chinese by the time of Tao Kuang. Neither border barriers, nor land prohibitions, nor later exclusion of Chinese women immigrants, succeeded in preventing permanent settlement by Chinese farmers from across the gulf.

Moreover, the reign of Tao Kuang (1821–1851) saw the penetration of Chinese farmer immigrants and ginseng seekers into North Manchuria. Natural causes, reenforced by the necessity which the Manchus found in meeting the advance of the Russians on the Amur, enabled the Chinese to supplant the Manchu Bannermen in these outer marches. Chinese soldiers in the Manchu border garrisons in North Manchuria often settled on the land to till the soil, either being employed on the

[4] Abbé, Huc, *Travels in Tartary, Thibet and China* (1844–1846) (2 vols.; Chicago ed., 1898), Vol. I, p. 108.

[5] *Ibid.*, p. 108.

crown lands, or obtaining eventually lands in leasehold from their Manchu overlords. Steam navigation and the opening of Newchwang to foreign trade lent support to the immigration movement during the two decades following Tao Kuang, but the major factor in the increase of Chinese immigrants to Manchuria was the T'ai P'ing rebellion which, during 1854 to 1860, caused thousands to migrate beyond the scene of internecine strife into Manchuria. By 1870 Harbin in North Manchuria was the center of a well populated area of Chinese. Thus the upper Sungari river valley (especially in Shengking province), down to Harbin and beyond toward Sanhsing, was settled, however sparsely, by Chinese farmers, instead of Manchus, as also the Hulan valley north of Harbin.

Restrictive measures having failed, the Manchu dynasty was compelled to abandon the exclusion policy of Yung Cheng and Ch'ien Lung, and to regularise what was unenforceable. At first Kirin province was definitely opened to Chinese immigration when the 1776 edict of Ch'ien Lung was, in effect, revoked. Then followed the opening of Heilungkiang by imperial edict. Thus in 1878 the last remaining official barriers to Chinese immigration into Manchuria were removed. Since then the flow of Chinese into the Three Eastern Provinces has been more or less steady, though, in the main, not particularly rapid until after the establishment of the Republic in 1912. By 1900, it is estimated that the entire population of Manchuria was 14,000,000, and that of these, 80 per cent were Chinese.[6] Nor did the Boxer Rising in 1900 stem the tide; nor the almost complete political absorption of Manchuria by the Russians by 1904. The Russo-Japanese war contributed much to increasing the volume of Chinese immigration into Manchuria, and especially since 1905 have the Chinese Government sought to encourage the populating of outlying areas by native sons of Shantung and Chihli. But official or "induced" colonisation in Manchuria has had meagre results when compared with that natural tendency of the Chinese farmers to migrate and colonise from independent motives.

Today one may travel the length and breadth of Manchuria from the mouth of the Liao to the Amur without finding more than the vanishing remnants of the nomadic peoples who once claimed undisputed sway over all the country beyond the Palisade. In eastern inner Mongolia and the Barga district, to be sure, various Mongol tribes are, in certain areas, the more numerous. So also in the upper Nonni, the lower Sungari, and in the Amur valleys, is it possible to find the still relatively primitive remnants of once powerful nomad and aboriginal tribes, survivals perhaps of the Nuchen.[7] But, in the main, it is correct to say that not only the Mongols, but the primitive distant relatives of the Manchus, and the Manchus themselves have either been driven out of Manchuria or absorbed by the virile and all-pervading power of the Chinese agriculturalists. Manchuria today, exclusive of "Inner Mongolia," has a population of approximately 25,000,000, of whom at least 90 per cent are Chinese.

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[6] Hsü, *op. cit.*, p. 72.

[7] I. I. Gaponovitch, "The Tungus Negidal Tribes of the Amgun Basin," *Manchuria Monitor* (Harbin, 1927), No. 11, pp. 4–9.

II. CONTEMPORARY COLONIZATION MOVEMENT IN MANCHURIA

1. *Contemporary volume and increase.*—During the last four years the stream of Chinese immigrants which has flowed into Manchuria from other parts of China has been such as to warrant the assertion that nowhere else in the world has there been contemporaneously a parallel. It seems evident that no less than two million Chinese immigrants have settled permanently, or semi-permanently, in Manchuria since 1924. It may be remarked, however, that Manchuria is but one of seven distinct pioneer belts, which include parts of Canada, the Argentine, Rhodesia, Australia, Siberia and Mongolia, these, including the areas of Chinese colonisation in British Malaya, the Philippines, and East Indies, constituting the principal regions which in future are to see the most remarkable development from pioneer conditions to those characteristic of industrialised communities, with important bearing on the course of world trade.[8]

Available data from the only agencies in Manchuria competent to compile reasonably reliable figures on the volume of this Chinese migration into Manchuria indicated that during the immigration year of 1927 over one million Chinese immigrants entered Manchuria from other parts of China.[9] Previous to 1925 the maximum annual totals of Chinese immigrants to Manchuria never exceeded 500,000. In 1925 about 530,000 came by land and sea from Shantung and Chihli and other provinces, but during 1923 and 1924 the annual totals were less than 500,000. The year 1926 marked a change, when over 600,000 Chinese came to Manchuria. The momentum of the increase during 1926–1928 was actually of such a character as to raise the question in the minds of some as to the capacity of the transportation facilities to accommodate the influx, hence to raise even the question of the accuracy of the figures given. Those familiar with the migration movement, however, know that, aside from the fact that the figures given were compiled by the South Manchuria Railway Company, the Dairen Wharf Police, the Peking-Mukden Railway administration, and the Chinese Eastern Railway Company, and were, therefore, reasonably accurate (one set of figures being used to verify the others), such a large immigration is readily handled by the transportation facilities afforded from Shantung and in Manchuria. It is, moreover, an interesting fact that about half of all the immigrants arriving at Dairen from Shantung and Chihli actually are not transported by the South Manchuria Railway at all, but proceed north into Manchuria on foot. To accommodate those carried by rail the South Manchuria Railway, the Peking-Mukden Railway, and the Chinese Eastern Railway, have at times instituted special services of freight cars and have resorted to other means to carry the thousands who during certain months have, to be sure, taxed the capacity of the railways to transport them. During the immigration year of 1927, when over a million Chinese immigrants entered Manchuria, about 600,000 arrived during the months from January to June, inclusive, of whom during the full year approximately 450,000 entered through Dairen alone, the principal receiving port for those who travel by sea to Manchuria. Since 1925 over 40 per cent of all the Chinese immigrants who have come to Manchuria from provinces south have entered by way of Dairen.

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[8] On the various pioneer belts of the world see Dr. Isaiah Bowman's articles, "The Pioneer Fringe," *Foreign Affairs* (N.Y.), October, 1927, and "The Scientific Study of Settlement," *Geographical Review* (N.Y.), October, 1926.

[9] These figures for Chinese immigration to Manchuria are based principally on the careful monthly statistics gathered by the Research Department of the South Manchuria Railway Company. They have been supplemented by information made available for the writer by the Economic Bureau of the Chinese Eastern Railway. The principal results of the studies made by the South Manchuria Railway Company down to 1927 were published in a Japanese brochure by Mr. K. Futamura, chief of the Labor Bureau of the Company, titled *Manchurian Migrants in 1927* (Dairen, December 30, 1927). This includes the statistics for the first six months of 1927. Subsequent issues of the *Research Journal* (in Japanese), published by the South Manchuria Railway Company, contain the figures for 1928. The reports of the Railway Department and of the Economic Bureau of the Chinese Eastern Railway have been supplemented by private memoranda

These immigrants travel by four principal channels to Manchuria from across the Gulf of Pechihli. Until the development of steamship services from Shantung to Newchwang and Dairen the major portion of the immigrants came overland around the Gulf of Pechihli. Others came by junk to Newchwang and other Manchurian ports. The overland route still continues to be a major approach to Manchuria for these immigrants, but the intermittent conditions of civil war along the Peking-Mukden line have always had a very direct influence in deflecting the immigration stream to the water route. The water route, then, may be said to be of greatest present importance. Newchwang was for a long time the principal port of entry for immigrants coming by steamer and junk from Tientsin, Chefoo and Tsingtao. For a time a certain number proceeded to the Yalu river region of southern Manchuria from across the gulf. But latterly Dairen has become by all

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prepared for the writer by Mr. I. Pavloff of the Economic Bureau, and by the published articles of Mr. E. E. Yashnov of that bureau. The Japanese materials were the principal bases for the writer's report to the Chinese Government Bureau of Economic Information, Peking, published under the title "Chinese Labor Migration to Manchuria" in the *Chinese Economic Journal,* July, 1927. The first material that has appeared in English and published by the South Manchuria Railway Company is the brief statement contained in the railway's new publication, *Report on Progress in Manchuria: 1907–1928* (Dairen, March, 1929), pp. 12–14. The tables below are taken from that publication.

	At Dairen	At Yingkow	At Antung	Via Peking-Mukden Ry.	Totals
1923.........	172,014—40%	77,087—18%	46,577—11%	138,011—31%	433,689
1924.........	167,206—34	61,904—13	42,641— 9	210,719—44	482,470
1925.........	197,392—37	96,647—18	40,740— 8	197,991—37	532,770
1926.........	267,062—44	124,743—20	48,287— 8	167,260—28	607,352
1927.........	599,452—51	182,558—15	68,599— 6	327,645—28	1,178,254

Recent figures made available to the writer by the Research Office of the South Manchuria Railway indicate that 335,776 immigrants arrived in Dairen during the first six months of 1928 (immigration year), and nearly 600,000 over all routes for this period. These months through April of each year are, however, the principal immigration months and there is an invariable tendency each year for the numbers to fall off immediately thereafter.

odds the most important port of entry, and consequently the largest numbers have been transported or have proceeded afoot from Dairen to Changchun, there to distribute in a great fan into central, and especially northern, Manchuria.

2. Character of transportation facilities: sea and land.—With respect to the business of transporting these Chinese immigrants to Manchuria it may be said that there have been but few of the abuses either in the ports of departure or on the voyage which characterised the "coolie trade," especially to Peru and the West Indies, in the middle of the nineteenth century, with the abuses of the barracoon, the crimp and their "floating hells" on which over a fourth often died en route. The trade, to be sure, is an almost unregulated game of competition between the shipping companies, Chinese and Japanese, of which the latter are the more important at present. Overloading is frequent and occasionally disastrous, while the passage rates are variable for the "coolie cargo," as it has been termed by the shipping company officers. But, with the exceptions noted, it may generally be said that in practice the rates charged are actually very low—in fact, lower usually than the listed fares for that class of transportation—and that in comparison with the condition which the Chinese "cargo" have often suffered in their homeland, during these latter years of civil war, extortion, and starvation in ill-fated Shantung, the carrying ships are havens of refuge and of security.

Moreover, organised relief has assisted thousands of them especially on arrival in Dairen and Changchun. The activities of the Shantung Provincial Guild of Dairen in furnishing food, clothing, lodging and transportation for the thousands of destitute Chinese families who have come to Manchuria during the last four years are worthy of remark. No more interesting contemporary example of this native Chinese characteristic of group action through the provincial guild has come to the attention of the writer. For these Chinese immigrants, men, women and children, the railway authorities of the various lines have offered special reduced rates, partly as a result of the representations of the Shantung Guild in Dairen in the case of the South Manchuria Railway Company, and partly as a result of the practical fact that without such low rates the railways would be confronted with the fact of these immigrants proceeding in even larger numbers on foot, northward into Manchuria. Considering the economic and social conditions to which these Chinese farmer immigrants have been accustomed in their home provinces it may be said that they find but few real hardships on the trains north from Dairen. Their own impecunious and otherwise miserable condition, however, has caused critical problems in Changchun where the South Manchuria Railway ends to connect with the southern section of the Chinese Eastern Railway. Both of these railways have taxed their resourcefulness to offer certain kinds of relief at Changchun and elsewhere, contrary to occasional assertions in the Chinese, and even in the foreign press.

Of the total of nearly 600,000 immigrants who came to Dairen from Shantung and Chihli in 1927 over 80 per cent were carried by steamships of the following four companies: Dairen Kisen Kaisha (Japanese), Cheng Chi Kung Ssu (Chinese), Tanaka Trading Company (Japanese), and the Awakyodo Shipping Company (Japanese). A half dozen other companies, including the Osaka Shosen Kaisha, the Nippon Yusen Kaisha, and the Hsuan Hsing Kung Ssu carry smaller numbers, and are of lesser importance. The ordinary fare for the Chinese immigrant laborers from Tsingtao to Dairen, though quoted as Yen 7.00, was in practice about Yen 2.00. From Lungkou or Chefoo it was less. In groups and under contract the per capita charge was even less. From Tientsin the rate is less variable, however, as there is no competition for the one line operating between Tientsin and Dairen. There exist certain paper agreements between the various shipping lines which are aimed at doing away with cut-throat competition in steamship fares, but, in fact, the entire business of transporting Chinese immigrants to Manchuria is a game of cut-throat competition. Fares vary with the conditions of cargo traffic and with the prior arrangements made by the labor contractors. Crowding on the boats has been common at times, as in 1927 when more than one unfortunate incident occurred when boats capsized with their human cargo. The Japanese wharf authorities at Dairen since 1927 have become stricter in enforcing the regulations with regard to over-crowding and there are examples of indictments of immigrant boats which have violated the capacity regulations.

The Peking-Mukden, South Manchuria and Chinese Eastern Railways have for some time offered reduced fares for Chinese immigrants or laborers coming from across the Gulf of Pechihli. Since 1918 the South Manchuria Railway Company has had such reduced fares in effect. The regulations enforced in 1919 were continued in effect until 1925 when a new schedule was instituted which was applied until April of 1927. The amount of the reduction in force in 1925 varied from 35 to 40 per cent of the regular third-class fares. Under this accommodation the immigrants traveled in a special class, usually in goods cars or ordinary box cars. Briefly, the ordinary third-class fares from Dairen are as follows: To Mukden, Yen 3.75; Changchun, Yen 7.10; Ssupingkai, Yen 6.00; Fushun, Yen 4.10; Taonan, Yen 8.40. From Yingkow the reduced fares are as follows: To Mukden, Yen 1.75; Changchun, Yen 4.90; Ssupingkai, Yen 3.80; Fushun, Yen 2.20; and Taonan, Yen 6.20. In addition to these reduced fares for men, a special tariff has been put into force for women, children and aged persons. By special regulations of March 30, 1927, enforced after April first, the South Manchuria Railway provided that all persons under fifteen and over sixty should be carried free of charge, and that other women and children should be transported at a reduced rate of 50 per cent of that in force for the men. The Shantung Provincial Guild sought to have women transported free of charge over the South Manchuria Railway. This request, however, was not granted by the railway authorities. Approximately half the immigrants arriving in Dairen in 1927 traveled north by rail, the rest proceeding on foot.

The Chinese Eastern Railway has likewise offered reduced rates from Changchun to Harbin, the schedule of reductions being more or less similar to that of the South Manchuria Railway. Changchun has, however, been by far the worst place of congestion as it is the point of dispersion for the immigrants who have come both from Dairen and over the Peking-Mukden route. Fortunately, certain abuses attached to the sale of tickets at Changchun for the Chinese Eastern Railway have been removed, and greater attention has been given of recent years to accommodating these immigrants on the trains. The Chinese Eastern Railway carries immigrants over sixty and under ten years of age free of charge.

3. *Contemporary characteristics of the immigration.*—Until the last four years the migration of Chinese to Manchuria from Shantung had been rather in the form of a seasonal labor movement than one of intending colonists. But always a smaller percentage remained, some of them to settle in frontier areas, some to conquer new lands with plough and mattock. Certainly the most striking phase of the movement before 1925 was its "Spring come, Autumn go" character. In the great majority of cases the men left their families behind them. Manchurian agriculture, which, particularly in the northern areas, is often characterised by larger land holdings than in Shantung, required extra seasonal laborers, as does also the industry of coal mining; and during the past three decades there has been a certain demand for unskilled laborers in railway construction. Their work having ended in the late autumn, they returned to their home districts across the Gulf of Pechihli with such money as they had saved, partly forced to this by the seasonal character of their employment, but equally influenced by the desire to spend the meaningful festive season of the Chinese New Year at home with their families. Hence during December and January the return movement was usually almost as great as the egress to Manchuria in March and April. This was the chief characteristic of the movement of Chinese immigrants into Manchuria from the Russo-Japanese war to 1925.

It is exceedingly difficult even to estimate in round numbers the total of Chinese immigrants remaining in Manchuria for these years before 1925. Those coming by Newchwang or Dairen in the spring may return over the Peking-Mukden line in the autumn. In fact, there were several years when it was apparent that more returned over the Peking-Mukden route than south over the South Manchuria Railway to Dairen, and then by boat to Shantung. This arose partly from the fact that the Peking-Mukden Railway offered more attractive rates for the return journey than did the South Manchuria Railway. Probably, however, over 75 per cent of all those entering Manchuria in an average immigration year returned to their home provinces, some after two or three years of abode in Manchuria.

In 1925, however, it was evident that this condition was changing: the numbers returning were no more than those entering during the year. In October and November of that year, when previously the numbers returning in these months far outreached those entering Manchuria, many more immigrants arrived at Dairen than departed. Those returning through Dairen in 1924 were 68 per cent of the total arriving; in 1925, but 49 per cent and in 1926, about the same. During 1927 it was evident that less than a fourth of the number entering through Dairen returned during the year. This fact is, of course, explained in the conditions of civil strife and of economic stringency in Shantung which during 1926 to 1927 were particularly critical. The simple fact of lack of either political or economic security and the widespread famine conditions in Shantung and Chihli, serves to explain why Manchuria was to the greater portion of the immigrants a preferable place of residence to the provinces across the gulf. When these bitter conditions subside in Shantung and Chihli, and there is evidence that there has already been somewhat of a change which has temporarily increased the return movement during 1929, it is to be expected that the return movement will increase, unless there be counteracting influences, in the nature of opening of new areas to settlement for example, in Manchuria. This change in the migration movement from one of seasonal migration, in the main, to one of permanent settlement through agricultural colonisation has already had a noteworthy influence on Manchurian economics.

The obvious intention to settle on the land where available may be seen from the important fact that, since 1925 particularly, many of these male immigrants have brought with them their families, including their parents and children. That they have been intending colonists is evidenced by the character of their impedimenta, many of them carrying with them such little of worldly goods as they possess, including agricultural implements of a sort, or parts of them. From observations made on some of the steamships which brought these immigrants to Dairen during 1927 it appeared that approximately 17 per cent of the total arrivals were women and children. That was the percentage on the *Tencho Maru,* a passenger boat of the Dairen Kisen Kaisha, which brought the writer to Dairen on April 6, 1927. This estimate proposed during July proved to be accurate: 17 per cent exactly of all the Chinese immigrants who arrived in Dairen during the first six months of 1927 were women and children. Of the total immigrants arriving in Dairen during 1925 only a little over 15,000 were women and children. Of these 38 per cent returned the same year. The following year the number of women and children arriving had increased to over 30,000, or nearly 12 per cent of the total. Of these women and children who arrived at Dairen in 1926 only 23 per cent returned during the year. But the really remarkable situation occurred in 1927 when a total of over 100,000 women and children arrived at Dairen from Tsing-tao, Chefoo (including Weihaiwei), Lungkou (including Tengchow), Tientsin and other ports of departure. Of this number less than 8 per cent returned by way of Dairen. In view of the fact that the entire return migration over the Peking-Mukden line was strikingly less than in previous years, due to the conditions in Shantung and the periodic disruption to traffic on the railway, it is evident that herein lies an element of permanence in this movement of Chinese colonists into Manchuria. There are other evidences of permanent agricultural settlement in Manchuria which will be dealt with elsewhere in the text.

In passing, it may be remarked that the very volume of this migration of Chinese into Manchuria raises a serious question of the capacity, even of Manchuria, to absorb them at once in productive enterprises. As a matter of fact Manchuria in certain localities has been faced with a problem of temporary oversupply of cheap labor, and this in spite of undeveloped agricultural lands available for cultivation in certain parts of North Manchuria. The political developments in connection with the Chinese Eastern Railway in May to July of 1929, will perhaps have a very direct effect upon the question not only of current immigration but of permanent settlement. At least, for the last several years it has been unnecessary for the Japanese controlled Fushun Collieries, for example, to utilise their formerly active recruiting system in Shantung, to enlist Shantung laborers for work at the mines. On several occasions since 1925, hundreds of applicants for employment at Fushun have had to be turned away. So also in Dairen, as at the wharves, for which it is no longer necessary, as formerly, to recruit laborers in Shantung. In fact, the "induced" immigration to Manchuria, whether by official Chinese activities or by non-official commercial agencies, such as the Fushun Collieries, has always been relatively unimportant when compared with the natural immigration flow produced by a combination of the necessity for emigration from the home provinces and the economic magnetism of Manchuria.

4. *Former labor recruitment system for Manchuria.*—Among the purposes for which in previous years a well-organized system of labor recruitment was applied were three: (1) mine labor, especially at Fushun Colliery, (2) seasonal and temporary labor on new railway construction, and (3) dock laborers for the Dairen wharves. Recruitment of laborers in Shantung as wharf hands in Dairen has now been discontinued as it is no longer necessary, in view of the enormous natural immigration through Dairen, to recruit laborers for the wharves from across the Gulf. It is interesting, in passing, to note that a survey of wharf laborers in Dairen made during 1925 showed that approximately 70 per cent of them came from the farm. The absorption of laborers for work on the Dairen wharves is, of course, inconsequential when compared with those who proceed north and who, in the main, are absorbed in agricultural pursuits. Nor are many absorbed in the Liaotung peninsula, as this section of Manchuria is now well-settled. As a matter of fact, there are few who settle in the region south of Mukden.

For a period of five years a recruitment system was applied by the Japanese for securing miners and mine laborers at Fushun. The shortage of miners at Fushun coal mines in 1918, which was the immediate outcome of a period of rapid expansion in the industry, necessitated the establishment of recruitment stations in Shantung and Chihli. Through them principally, the following numbers of laborers were recruited for the Fushun Colliery: in 1918, 10,874; in 1919, 16,897; in 1920, 16,516; and in 1921, 15,239. In the following year the number fell off to but a few over a thousand, and in no year since has the annual number recruited for the Fushun Colliery exceeded five thousand. But the form of the recruitment system in Shantung and Chihli still remains, or did until 1927, seven Japanese offices being maintained in 1926, three in Shantung (Tsinanfu, Chefoo and Tsingtao), and four in Chihli (Chaoyang, Lingyuan, Chinhsien and Tientsin). Formerly these numbered ten or twenty according to the needs of the year.[10]

For the mines at Fushun Chinese laborers were recruited through what the Japanese call *oyakata,* or head coolies. The types of recruitment system vary, but that in effect for Fushun until 1927 may be regarded as more or less typical. Under that system in force in Shantung and Chilhi a labor boss, who may have had under him, for example, a hundred laborers whom he had already hired, undertook to supply a given number for the company with which he was associated for the purpose. The company at times advanced the *oyakata* funds to assist in obtaining the laborers, to advance their traveling expenses and similar charges. In other cases the labor boss was solely responsible for hiring the immigrant laborers, and undertook to supply a given number to the company with which he was connected. The responsibility of the *oyakata* did not cease with the delivery of the laborers to the company, but for the first month of the employment he was responsible for their labor. If they broke their contract, the labor boss was obligated to replace them, and settle with the laborers. This system amounted almost to a type of indentured servitude with the labor boss as the go-between, a system quite consistent with Chinese custom and one which did not seem to be particularly unsatisfactory. A somewhat similar system was in force for the recruitment of laborers for the Dairen wharves.

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[10] For a more detailed study of this Japanese recruitment system in Shantung and Chihli see the writer's report to the Chinese Government Bureau of Economic Information, Peking, published as "Chinese Labor Migration to Manchuria" in the *Chinese Economic Journal,* July, 1927.

The construction of new railways in Manchuria has attracted a considerable number of immigrants, especially during the construction of the Chengchiatun-Taonan system, and more recently during the construction of the Kirin-Tunhua and Mukden-Hailungcheng lines. Chinese immigrants have also been employed as far north as the Ussuri Railway, beyond the Manchurian borders, working on the road bed. This labor was, of course, unskilled, and many of them returned after the completion of specific jobs. Others remained to become farmers, as they had been in Shantung.

But not all the immigrants to Manchuria are farmers, farm hands, or even laborers at mines and on railway construction. These comprise the great majority, to be sure. A notable exception, for example, is that of the merchant class who have migrated from the three districts in Chihli province, Lao-t'ing, Lan-hsien and Ch'ang-li, on the coastal side of the Peking-Mukden Railway, south of Shanhaikwan. This section of Chihli, very much in contrast to most of Shantung, is rather more commercial than agricultural, Ch'ang-li city being a commercial center of great prosperity where considerable wealth has been amassed through the generations and is kept snugly within the protective arms of the local bankers' guild. A local resident recalled to me that since his childhood he had heard Manchuria spoken of as a "Ch'ang-Lan-Lao" colony, referring to the number of merchants who had gone from these three *hsien* to Manchuria, especially to Changchun, and to other places such as Harbin, Chengchiatun, Paiyintalai and Taonan. One can readily remark in such cities as Changchun and Mukden shop signs which give clues as to the provincial and district origin of their owners.

5. *Official encouragement of immigration.*—When once the principal motives underlying the movement of immigrants to Manchuria are understood one is better able to evaluate the part which Chinese officialdom, from the central government in Peking to the district magistrates in the provinces, have played in encouraging settlement. This immigration has been largely natural, and quite otherwise than induced. There are, of course, minority exceptions. In the Manchurian provinces local officials have announced the opening of available lands for settlement under terms sufficient to attract even the canny Chinese. From time to time, over a period of over twenty years, posters and proclamations have been exhibited not only in Fengtien, Kirin and Heilungkiang, but in Shantung and Chihli and other provinces, announcing special offers for settling on the land in Manchuria, lands at low purchase or rental figures, lands free, or provisions for temporary assistance of immigrants en route.

Even before the overthrow of the dynasty a definite official attempt was made to encourage colonization in Manchuria. The reorganization of the provincial governments in Manchuria in 1907, with Hsü Shih-chang as Viceroy, and T'ang Shao-yi as Governor of Fengtien province, was a prelude to several Chinese plans for encouraging colonization in Manchuria. Prince Shu, sent by the Imperial Court to Inner Mongolia, recommended extension of Chinese colonization there, and thus to absorb or push back the Mongols. Shortly thereafter recommendations were made for the establishment of colonization stations on the border of the Cherim prairie country, especially about Taonan. The Chinchow-Aigun railway project, in which American and British financiers were interested in 1908 and following, but which failed of fruition because of outside opposition, was favored by the Chinese as an effective means of developing the territories bordering on Inner Mongolia and populating them with Chinese. T'ang Shao-yi, who had interested the late Willard Straight, the American Consul at Mukden, in agricultural development of Manchuria by Chinese immigrants, sought to raise a loan partly for that purpose in the United States. The loan failed, however, though some years later when the "Four Power Consortium" signed the final agreement of April 15, 1911, for Chinese currency reform and Manchurian industrial development, a specified portion of the total, i.e., the sum of £1,000,000, was designated to be loaned for (a) the promotion of immigration, reclamation, and grazing enterprises, for (b) forestry and agricultural enterprises in Heilungkiang, and (c) for gold and other mining enterprises, as well as for other purposes. Although a small amount was advanced by the syndicate under the loan agreement, nothing ever was actually loaned for use in Manchuria. Funds have never been available from abroad for agricultural development in connection with Chinese immigration in Manchuria, with the exception of the advances by the famine relief organizations and by private individuals, like the late Major Morgan Palmer.

In 1913, following the efforts of Viceroy Hsi Liang to put into effect a colonization scheme for Manchuria, the Colonization Association was formed to encourage settlement. Nothing much came of the work of the association, but it did bring pressure to bear on the Chinese Government Railways for reduced fares in connection with transportation of immigrants. It was not until 1922 that any statesmanlike step was taken by the Peking Government to encourage immigration to Manchuria. To correct the evils of purely male immigration, the Ministry of Communications promulgated a plan for encouraging the settling of whole families in Manchuria. But the plan failed because of cabinet changes in Peking. Other efforts followed to encourage immigration by reduced railway rates, but it was not until 1925 that important regulations for the transportation of immigrants to Manchuria and elsewhere were issued and enforced. Reduced fares, especially for women and children, were made effective and in the years which have followed, whenever the Peking-Mukden Railway has not been overcrowded with troops in transit, or when not entirely disrupted by civil war, that line has been a principal means of egress for colonists destined to Manchuria.

Of the various settlement schemes of recent years that which has been most widely advertised is one issuing from the district magistrate of Lo-pei, far down the Sungari and across to the Amur river. During the spring and autumn of 1926 the magistrate, acting in cooperation with his superiors, particularly with the encouragement of General Wu Chunsheng, *tuchun* of Heilungkiang, caused proclamations to be posted in Fengtien, Chihli and Shantung inviting immigrants to settle on new lands in the Lo-pei district, said to comprise over 200,000 hsiang (one *hsiang* equals ten *mou*). The proclamations, one of which was characterized for me by a farmer in Chihli province, set forth among other things land available free of charge for settlers who would break the sod and plant grain or rice. Housing was furnished free for the first year, together with financial assistance to purchase food for the members of the family, and use of agricultural implements. In spite of the out-of-the-way location and the rigors of the climate in the Lo-pei district many Shantung and Chihli immigrants took advantage of the offer—with what results it is difficult to ascertain.

In the summer of 1927 several local authorities in each of the Three Eastern Provinces announced lands available for settlers at inviting terms. Mo Teh-hui, late civil governor of Fengtien, announced at the opening of the immigration year in 1927 that free lands were available and would be given to settlers under the most liberal conditions. A special effort was made by the *taoyin* (prefect) of Taonan, to the west of Mukden, and in the vicinity recently opened by the new railways toward Tsitsihar, to absorb in the six districts under his jurisdiction the numbers specified by Governor Mo.

But whether these "encouragement schemes" to induce Chinese settlement in Manchuria are but exploitation schemes on the part of the Chinese local officials is another matter. There is ample evidence to show that the immigrants often do not find that the actual conditions offered them on arrival measure up to the gilded posters painted for them. Lands free of charge frequently proved quite costly—so much so that, in fact, only a small minority of the immigrants actually acquire land in freehold. What percentage of these land offers are respectable and genuine is impossible to say. Many of the official proclamations and plans are but formal and verbal, having little of practical value. They bear a characteristic weakness of administrative methods in China. The form having been executed, the fact, ostensibly to be achieved thereby, is assumed to have been achieved. But there is also evidence of real opportunities offered these agricultural immigrants from across the Gulf. There are numerous cases of mutual profit for tenant and landlord, as in parts of Heilungkiang.

6. *Non-official colonization projects.*—It is difficult at times to dissociate the official from the non-official colonization projects principally because the colonization companies which have bought up available tracts of land, as in Heilungkiang, are very often composed of officials, or have official participation. Such companies exist in Harbin as psuedo-commercial enterprises of officialdom. It is but natural that close relations with the Chinese officialdom, in the provinces and in the districts where land may be bought up, be maintained in order to obtain the land, to insure against excessive taxation, and to obtain a measure of protection from roving bandits who infest many parts of northern Kirin and Heilungkiang, particularly in times of crop failure and financial stress, or when disbanded soldiers run wild.

For some years there has been a "Frontier Movement" in China which is sponsored by an organization under the leadership of Dr. Yu Tinn Hugh. Their work is, however, principally educational in that they seek to disseminate information for the purpose of encouraging the Shantung and Chihli farmers to migrate and change their condition of living. There is little evidence that the "Frontier Movement" has actually achieved much by way of directing particular settlement enterprises in Manchuria. Colonization companies are, in the main, interested in money-making, and naturally draw a hard bargain with the immigrants in the majority of cases. The China International Famine Relief Commission has been interested in colonization projects in Manchuria, though little of much consequence has as yet been accomplished there. The conspicuous service of this organization and its adjuncts is rather in China proper. The experiences of Professor Baillie and his famine refugees in Kirin, on a tract of land set aside by the government, were not encouraging. Bandits and overly-interested soldiery, together with the intractable and unappreciative disposition of the colonists themselves, led to practical failure of his efforts.

By far the most interesting of foreign directed colonization projects in Manchuria is that with which the late Major Morgan Palmer became associated in the region near Sanhsing on the lower Sungari river. The venture was started by L. S. Palen, formerly of the Chinese Customs Service, about 1915. He secured a tract of some 15,000 acres of rich unbroken land in a practically unsettled region near Sanhsing, and during the first year settled some five hundred refugee immigrants from Shantung on the ranch. The Manchurian Development Company, in which the late Willard Straight and Charles R. Crane, formerly American Minister to China, were interested, offered financial assistance. A great quantity of American agricultural machinery was purchased, including three large tractor ploughs. American and Danish agricultural experts were enlisted in the scheme, including a professor of agriculture from Cornell University. This pioneer settlement was rapidly developed with necessary farm buildings and equipment. Live stock and horses were brought to the ranch; grain seeds were imported from various parts of the world.

But the project met difficulties from the outset. Exceptional floods furnished obstacles the first two years, necessitating large outlays for dyking and ditching. Then came the Great War. Steamer traffic on the Sungari was disrupted. The Cornell professor was drafted into government service for technical duty in the Russian Far East. Major Palmer himself was called away from the ranch. And when the other foreign experts left, the ranch fell into the hands of Chinese managers. They proved unfaithful to their trust, embezzling or dissipating the proceeds of two years' rentals, fleecing the tenants and failing to provide for adequate protection against the predatory banditti who swooped down upon the ranch. The funds were soon exhausted and the three large tractors and other machinery were taken to Harbin and sold, leaving the ranch in practical abandonment.

Following the Great War, Major Palmer returned to reorganize what was left of the ranch. He met great obstacles, but overcame most of them through sheer ability and by enlisting the cooperation of the Chinese officialdom in Harbin and elsewhere. The officials assisted in supplying the pioneer settlement with arms and ammunition against bandit forays. Block houses were built, as is the custom in outlying areas in the Manchurian provinces, and the settlement was made more compact for protection. Steps were taken to pay the local taxes for the settlers to avoid more fleecing from tax-gatherers. Special lodging facilities for itinerant soldiers and prospectors were provided, thus to obviate another embarrassing, and at times dangerous, menace to the settlers. Russian refugees and a group of Koreans were given employment on the ranch, the latter in rice cultivation. But the great bulk of the tenants remained Chinese, and these were provided with homes, fuel, food loans, seed, and, in some cases, draft animals. This enabled them to carry on until their first harvest. Care was taken to select reliable colonists, and to provide against exceptional climate and raids by soldiers. A school for the tenants' children was constructed and efforts were made to provide for the recreation of the colonists. Crops of wheat, flax, soya beans and rice were produced and the colony had begun to prosper. And then came the bandit raids again, and the killing of Major Palmer, the leader of the enterprise. But the experiment which had already been made in agricultural colonization showed what could be done, particularly if protection from bandits might be secured. Major Palmer's work demonstrated what could be done with Chinese labor under foreign supervision in agricultural colonization, and indicated, furthermore, the value of a conservative use of foreign power machinery. His experiences with an effort to pay the tenants wages proved the superiority of the usual Chinese system of renting the land to the tenants on a crop-contract basis.

An interesting undertaking for settlement of famine refugees in Heilungkiang has been initiated by a missionary group, the Shantung Missionary Association. Land was procured at very low purchase rates in Heilungkiang north of the Sungari in the Hulan valley, i.e., in the territory now served by the new Hulan-Hailun Railway. The funds for sending the immigrant refugees from Shantung have been disbursed from the mission. So great was the interest on the part of Shantung unfortunates to be sent to Heilungkiang under these auspices that instead of the seventy who were sought by the organization over a thousand crowded the mission property in Tsinan, Shantung, in February, 1928, in the hope of being sent to Manchuria. What will come of this colonization project will be interesting, indeed, to follow.

The practical benefits which may be derived from such foreign-supported settlement projects may, indeed, be great, but the obstacles are difficult in the extreme to overcome. Land may be procured only in the name of a Chinese organization as ordinarily no foreigner is permitted to own land in Manchuria outside restricted areas. Settlements should only be made under foreign auspices in areas where adequate protection may be fairly definitely assured. Furthermore, adequate communication facilities are indispensable. These qualifications are perhaps better met in the Hulan valley north of Harbin than almost anywhere else in North Manchuria. In any commercial colonization venture it must be obvious that power-driven machinery or other foreign agricultural machinery must be utilized conservatively.

III. CAUSES FOR THE CHINESE MIGRATION TO MANCHURIA

1. *Conditions in China proper.*—Famines in North China, especially in Shantung and Chihli, have been a principal cause of periodic increases in the volume of

Chinese emigrants to Manchuria. In fact, it is readily possible to trace the unfailing effect of the several famines which have occurred in Shantung and Chihli on the movement of emigrants, as well as on the degree of permanent settlement, to and in Manchuria. It has been reliably reported that 13.5 per cent of the population of an entire village in Chihli province has migrated, mostly to Manchuria.[11] Recent famines have occurred in Shantung and Chihli in 1917–1918, 1919, 1920 and latterly in 1928–1929. Their causes have been various and have been well summarized as economic, natural, political and social, their degree of influence varying from period to period.[12] Overcrowding on the land (hence, surplus labor), inefficient transportation methods, deforestation, drought, floods, insect pests, political disorder (characterized by economic stringency brought on through heavy taxation, extortion, draining of man-power for military purposes and actual terrorism, banditry and forced opium cultivation), and over-population (to which are related a high birth rate in certain classes of society, ancestor worship, early marriage and concubinage, economically wasteful social practices, the system of land inheritance and the attachment of the Chinese to the native soil), these are the principal causes of periodic famine in China, and in Shantung and Chihli. At times it is exceedingly difficult to declare with certainty whether one or another of these is the principal cause; it is obvious that many of these are basic and relatively unchanging, nor changeable by ordinary acts of providence. Suffice it to say that in Shantung and Chihli from 1925 to 1929 the local conditions were the result of a combination of basic overpopulation and the natural attachment of the Chinese to the soil, to which were added the extortion and terrorism instituted by the military satraps who "ruled" especially Shantung, and, finally, crop failures brought on by drought during the planting season or by the ravages of insect pests. It seems evident that the artificial political factors were the principal cause of the exceeding suffering of the Shantung farmers and of the consequently remarkable increase of emigration to Manchuria during this period.

The noticeable increase in numbers leaving for Manchuria in 1926, approximately 20 per cent over the previous year, was due in part to crop failures during the year, but more especially to the fact that conditions became unbearable for many as a result of the ravages of soldiers and bandits who, like insect pests, infested the province of Shantung. The military confiscated the crops along with other property. Their tax collectors swarmed over the countryside levying arbitrary blackmail in the form of nominal taxes in varieties to tax the inventive genius of an Edison, particularly those devised by Chang Tsung-ch'ang. A depreciated and continually fluctuating fiat currency, the possibility of compulsory drafting of the men into military service, these, and related causes, drove thousands out of Shantung into Manchuria. Civil war in the vicinity of Tientsin during 1925 and 1926 caused a sharp increase in the numbers who entered Manchuria traveling from Lungkou, Chefoo and Tsingtao to Dairen over the sea route.

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[11] J. Lossing Buck, *An Economic and Social Survey of 150 Farms of Yenshan County, Chihli Province, China* (University of Nanking, June, 1926), p. 82.

[12] The definitive work on the causes and cures for famines in China is that of Walter H. Mallory, *China: Land of Famine* (published by the American Geographical Society, *Special Publication No. 6,* 1926).

The summer of 1927 was even more severe for the Shantung farmers in certain districts. Soldiers, disbanded in consequence of reorganization of the local armies following the campaign north and following the later attempt to exterminate the radicals from the ranks of the southern armies, turned bandits. Tsinanfu, in the heart of the province, became a center of disturbance, even of banditry, much as in the previous year Tsingtao had been in a bandit zone. And then, as if this were not enough for the oppressed Shantung farmer class, the widespread crop failures, due to drought which followed in the autumn of 1927, drove the farmers and their families to desperation. There followed the awful famine in Shantung in 1928 which perhaps has not been paralleled there, certainly since 1920, and possibly since 1902.

Reliable reports of the China International Famine Relief Commission showed that half the *hsien* (districts) in Shantung were suffering in consequence of crop failures in 1928. In these areas about half (35 *hsien*) harvested crops less than 10 per cent of normal, while in the remainder (30 *hsien*) nowhere did the crop equal half of normal production. The awful conditions which prevailed in certain Shantung and Chihli districts need not be described here: sufficient to say that the world, partly inured to the stories of famine in China, listened somewhat more listlessly than in such past experiences to the appeal for aid, while hundreds of thousands of near destitutes, men, women and children, were glad to sell their birthrights for pottage, and to proceed, after pitiful congestion at Tsingtao, for example, to Manchuria.

But underlying these periodically occurring causes for famine and for consequent emigration to Manchuria there is the fundamental factor of overpopulation and inadequate land utilization in Shantung. The phenomenon of migration is, in a sense, but an inevitable adjustment (for want of another) which arises from natural conditions in Shantung and Manchuria. Although China as a whole cannot be said to be overpopulated, there are certain portions which assuredly are. One of these is Shantung. Shantung shares with the provinces of Kiangsu and Chekiang the unenviable reputation of being one of the three most densely populated provinces of China, Shantung having a population of over 30,000,000. This is approximately 550 persons to the square mile, which is less than Chekiang with 600 and Kiangsu with 875 to the square mile. Shantung is, therefore, perhaps nearly eight times more densely populated than Manchuria, and over twenty times more densely populated than Heilungkiang. This condition, for such an agricultural society as prevails in Shantung, characterized by small land holdings, a tendency to continual diminution of their size through the method of inheritance, and a condition where there are relatively few earners of income and many who consume it in each household, gives rise to a natural tendency for the population to flow out into the areas where the struggle for existence is less bitter, hence to Manchuria, the most accessible and favorable area.

But the compelling forces which drive the Chinese farmers out of Shantung and Chihli, as well as other provinces, and into Manchuria, can hardly be appreciated even with these conditions clearly in mind, unless the natural and very important influences which make the Chinese reluctant to leave his ancestral soil are also appreciated. The attachment of every normal Chinese farmer to the ancestral soil is profound. Those who are familiar with the importance of the family in Chinese society, and the attachment to the native soil, know that the Chinese farmer does not leave his warm *k'ang* or the ancestral burial place without very potent factors practically compelling him to do so. In life and in death the *home* has for the Chinese a peculiar significance. Whoever has lived as a foreigner in China may have had many illustrations of certain of his Chinese friends claiming for their "home provinces" those from which their forebears, perhaps three hundred years removed, came. Grim evidence of this very consequential attachment to the ancestral soil may be seen in the slow-moving stream of wooden carts, drawn by horses, mules and oxen in tandem and abreast, southward bound toward the Great Wall at Shanhaikwan from Manchuria, each cart piled high with plain wooden coffins lashed together. In these are the remains of the pioneers who have died in the "foreign land" of Manchuria. The luxury of railroad transport is not to be expected.

The communal element in Chinese society is of first importance; it is the master key to so much in Chinese ideational life and practical living, therefore, in philosophy and in economics and politics. Part of that communal character must be lost away from the ancestral shrine: but much of it always remains in every Chinese community wherever situated. "In union there is strength" may well have been of Chinese origin—along with polo and playing cards. To depart from the home village is in itself a feat of extraordinary character for a Shantung farmer; to remain away is a trial; to cut free from the communal bonds of the homeland is, if possible, criminal in the code of Chinese social values. It follows that when so remarkable a migration of Chinese proceeds to Manchuria—which is in the minds of most of the immigrants a "foreign land"—it transpires only in consequence of practical compulsion, and similarly that the Chinese communities transplanted in Manchuria take on the principal characteristics of the social community whence they have come.

2. *The economic magnetism of Manchuria.*—While basic overproduction in Shantung, and a variety of economic and social causes conspire to compel emigration, relatively sparse population in Manchuria and certain economic inducements and elements of political stability draw the great majority of them to Manchuria rather than to Mongolia, for example. Manchuria, in spite of its separation from Shantung by the Gulf of Pechihli, is readily approached from the ports of Shantung. The *economic magnetism* of Manchuria may be said to consist mainly in the fact that it is still in many of its regions, especially to the north and northeast of Harbin, and to the east of Kirin City, largely undeveloped. To these factors should be added those incidental facilities produced by a well developed railway system and favorable communication by means of the rivers.

Population and survey statistics of Manchuria are exceedingly difficult to deal with, partly from the fact that nothing approaching an adequate and scientific census has ever been taken throughout the length and breadth of the provinces. Manchuria appears to have a population of from 25 to 27 millions, and a total area of perhaps over 380,000 square miles. The Research Office of the South Manchurian Railway

Company published in 1929 the figures shown in Table I for December 31, 1927.

If the average of 72 persons to the square mile be accepted, it appears that Shantung is from seven to eight times more densely populated than Manchuria, over three times more densely populated than Mukden (Fengtien) province, over five times more populated than Kirin, and over twenty times more populated per square mile than Heilungkiang. Not the average density per square mile of the population of Manchuria, however, but rather the actual availability of undeveloped lands in certain sparsely populated areas, especially in Heilungkiang and in northern Kirin provinces, is the important factor in explaining the *economic magnetism* of Manchuria for these Chinese immigrants. Fengtien province has now almost reached the point of population saturation under the present conditions of agriculture and economic development, and from the region between Liaoyang and Mukden many Chinese farmers have gone farther north into Heilungkiang or upper Kirin. While perhaps two-thirds of the arable land of all Manchuria is now under cultivation, that is not the condition in North Manchuria where, it seems safe to say, the area of cultivated land can be doubled or trebled. Especially in the Hulan valley and more so in the lower Sungari about and beyond Sanhsing to the confluence with the Amur are there still large virgin agricultural lands, some, to be sure, still forested. The opening of these new land areas requires additional labor and the absorption of these hundreds of thousands of Chinese immigrants has been, in the main, in agriculture.

TABLE I

	Sq. Mi.	Persons	Per Sq. Mi.
Mukden province	90,224	13,591,100	151
Kirin province	81,018	8,766,800	108
Heilungkiang province	211,385	5,154,900	24
Total	382,627	27,512,800	72

A somewhat independent factor of influence in facilitating this migration and thus contributing to the *economic magnetism* of Manchuria is the network of railways and the navigable rivers which the territory now possesses. The latter were of course of major importance until the turn of the century, the tendency to permeate North Manchuria through ingress by way of the Liao, Nonni and Sungari rivers being always apparent in historic times, as at present. But the coming of the railways has furnished the most ready means of access, as well as contributing profoundly to the development of an outside market for the produce of the farms settled by the immigrants. By the end of 1928 there were approximately 3,400 miles of railways in operation, or soon to be in operation, in Manchuria, or about half of the total mileage of railways in all China (including Manchuria). Fengtien province ranks ahead of Shantung and Kiangsu (the province of Shanghai) in total mileage of railways. More railways have been built in Manchuria during the last five years than in all the rest of China put together. These railways have contributed much to the direction which the immigrant stream in Manchuria has taken, Changchun, the junction of the South Manchuria Railway and the Chinese Eastern Railway, receiving the larger part of the influx from both the Peking-Mukden and South Manchuria lines. The Kirin-Changchun railway is an important factor in the colonization of Kirin province, while the Chinese Eastern Railway is now, as in the past, the most important single factor in the rapid development and settlement of North Manchuria. The recent extension of the Kirin—Changchun railway to Tunhua, the extension of the Ssupingkai—Chengchiatun—Taonan system to Angangchi and Tsitsihar, across the Chinese Eastern Railway, and the construction of the private Chinese Tahushan—Paiyintalai and Hulan—Hailun railways, have already had a noteworthy effect in drawing Chinese immigrants into the several settlement zones served by these lines. As to the role of the rivers, it may be said with emphasis that none is more important than the Sungari as a communication route to important settlement areas. Below Harbin and north of the Chinese Eastern Railway (from Harbin to Pogranitchnaya) there are no railways penetrating to the Sungari, which river alone furnishes a convenient transport route to Sanhsing and below.

Finally, there is the independent contributing factor of relative political peace and order in Manchuria which has drawn Chinese from Shantung across the Gulf of Pechihli. There has been relatively more political stability in Manchuria since the Russo-Japanese war than in any other part of North China. Peace, perfect peace, with freedom from banditry and military oppression, has not always and everywhere been Manchuria's portion. Moreover, there has frequently been economic stringency caused by fluctuating paper currency (the *fengpiao* of Mukden) and by selfish and otherwise unprincipled methods of purchasing grain and bean produce. But, in the main, there has been relative political stability in Manchuria. It is a significant fact that not since the Japanese obtained control of the South Manchuria Railway following Portsmouth has there ever been any interruption of traffic on the main line from Dairen to Changchun. In the period from 1924 to 1929 almost the same might have been said of the Chinese Eastern Railway, at least in relation to the subject of immigrant transportation. Not so in the case of the Peking-Mukden line, or the railways of Shantung and elsewhere in China. Because the immigrants do not always travel in the trains from Dairen to Mukden or Changchun it does not follow that the existence of the South Manchuria Railway is not a very important factor in enabling them to reach their destinations. Walking on railway tracks is somewhat more satisfactory than riding in Chinese carts over winding roads—in spite of, or on account of, the presence of Japanese railway guards along the route.

IV. SETTLEMENT ZONES IN MANCHURIA

Two years ago the writer made an effort while in Manchuria to determine with a reasonable degree of accuracy the destinations of these Chinese immigrants in Manchuria in order to ascertain what specific regions were then absorbing the greater part of the total of colonists, and to indicate where future settlement might be expected. This required considerable attention to the routes traversed by the immigrants, the totals traveling over each, and the economic characteristics of the various areas of settlement. No specific information had apparently been published to show the exact settlement zones in Manchuria. The results of these field investigations, and studies of figures made available by the South Manchuria Railway and the Chinese Eastern Railway companies in particular, seemed to indicate clearly that there were no less than nine more or less definite settlement zones within which Chinese colonists were settling on the land.

It was generally known that the majority of the Chinese immigrants who entered Manchuria have in recent years proceeded to "North Manchuria." Using the latter term to mean that territory in Manchuria which lies generally north of a line drawn east and west from Changchun, the junction point of the South Manchuria and Chinese Eastern railways, i.e., to include northern Kirin province and the whole of Heilungkiang, or, in other words, all the territory served by the Chinese Eastern Railway and more, it was made evident that in 1927 over *two-thirds* of all the immigrants who entered Manchuria proceeded to North Manchuria. The importance of accurately designating what is meant by "North Manchuria" in a given case is made evident from the fact that the South Manchuria Railway Company (Research Office), in arriving at the conclusion that 53 per cent of the immigrants proceeded to "North Manchuria" in 1927, excluded the territory from Changchun north to Harbin from "North Manchuria." For reasons which follow, it is obvious that North Manchuria will continue in future to be by far the most important area of settlement in Manchuria.

Out of an estimated total of 630,000 immigrants who entered Manchuria during the first six months of 1927, approximately 430,000 continued into North Manchuria, or 68 per cent. North Manchuria has now assumed the place, predicted twenty years ago, of first importance for pioneer settlement of Chinese from across the Gulf. By and large North Manchuria has greater agricultural potentiality, the density of population is still far below that of Fengtien province, its cultivable area is much larger, and judged by present production that portion of North Manchuria which is served by the Chinese Eastern Railway already is the principal cereal producing region of the whole of Manchuria.

In South Manchuria, on the other hand, while its railway facilities are now superior, there is less of natural soil fertility, except in certain regions, the areas in the Liaotung peninsula being particularly poor in soil quality. To be sure the Liao river valley is fertile, but the richer areas have already reached a point of population saturation under present conditions of economic life. In fact, a very large part of the Chinese immigrants who have in recent years settled in Heilungkiang have come from farther south in Manchuria, as from the region south of Mukden.

Manchuria as a whole, treated as one great pioneer belt, may be divided for purposes of convenient study, into no less than nine separate *settlement zones*. Obviously no rigid lines of demarcation can be drawn between several of these; nor are they uniform in size, nor their boundaries absolute. Yet they all remain, in a manner, distinct, each having its own characteristics of settlement, as determined by (1) the means of access by rail or water, (2) the economic geography of the area, (3) population characteristics and land utilization, and (4) the stage of development and relation to markets, which make this classification by no means arbitrary. For convenience these settlement zones may be classified as follows in

Table II, which includes the approximate distribution of Chinese immigrants for the first half of 1927.

TABLE II*

SETTLEMENT ZONES IN MANCHURIA
(SHOWING DISTRIBUTION OF IMMIGRANTS IN 1927)

	a) South Manchuria (32 per cent)	
1.	The Yalu River Zone	25,000
2.	Upper Sungari River Zone	100,000
	Miscellaneous (spreading from the above and along other railways, such as the Peking-Mukden, South Manchuria, Ssupingkai-Taonan, etc.)	75,000
	b) North Manchuria (68 per cent)	
3.	The Taonan Zone	15,000
4.	Upper Nonni River Zone	35,000
5.	Changchun Northern Zone	35,000
6.	Western Zone of the Chinese Eastern Railway	60,000
7.	Eastern Zone of the Chinese Eastern Railway	125,000
8.	The Hulan River Zone	10,000
9.	Lower Sungari River Zone	150,000
	Total	430,000
	Grand total	630,000

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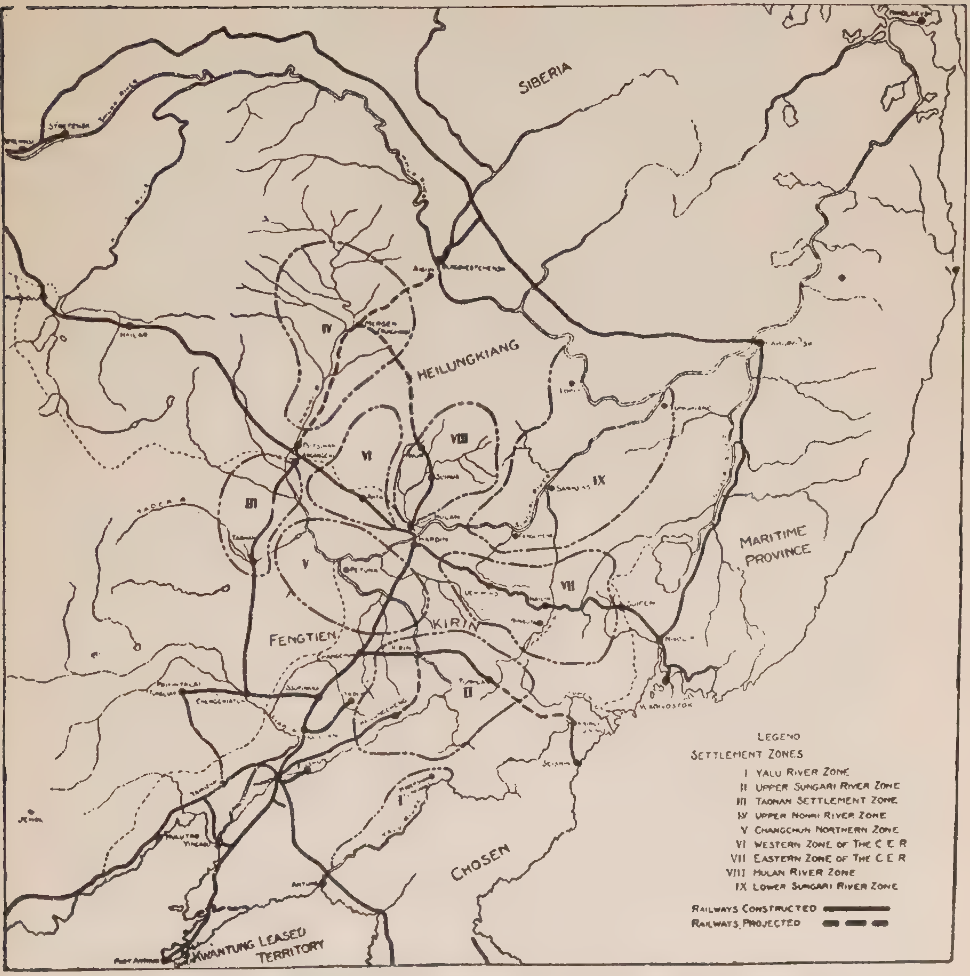
* In the following sections liberal use has been made of the writer's article, in two parts, with tables and a map showing settlement zones, published as "Chinese Colonization in Manchuria" in the *Far Eastern Review* (Shanghai), June and July, 1928. An effort has been made to bring these materials down to date and to verify conclusions made therein.

1. *The Yalu River Zone.*—Of ready access by junks from Shantung this settlement zone has grown in importance from its early character of illicit search for ginseng, the herb so highly valued even to the present in Chinese indigenous medicine, of discovery of gold in the upper reaches of the river, of agricultural settlement about Antung, near the mouth of the Yalu, with the interesting history of production of tussah silk, first in filatures in Antung, with Chinese operatives from Shantung, until today the principal cause of the immigration may be found in the timber reserves in the headwater areas of the Yalu and the Hun rivers. Manchuria is the most important forest area of China, and the Yalu zone, though by no means the greatest in Manchuria, is yet one of significance which has for its principal appeal for the immigrants today the necessity for raftsmen on the river to pilot lumber rafts, these picturesque floating palaces of China, down the river in their excursions of two months from the Ever White Mountain to the sea.

In the Yalu zone, characteristic of Manchuria until three years ago, immigration from Shantung was principally seasonal, employment in rafting and timber felling naturally being seasonal occupations. With the breaking of the ice on the river in early spring the tide of immigration began from Shantung about the first of April, varying with the season. Conditions in Shantung, however, have operated to alter this regularity, as in 1911, when one of the Shantung famines drove tens of thousands of Chinese out of the inundated areas to the Yalu zone, thousands arriving in mid-winter.


SIBERIA
HEILUNGKIANG
MARITIME PROVINCE
KIRIN
FENGTIEN
CHOSEN
KWANTUNG LEASED TERRITORY
I
II
III
IV
V
VI
VII
VIII
IX
HARBIN
VLADIVOSTOK
LEGEND
SETTLEMENT ZONES
I YALU RIVER ZONE
II UPPER SUNGARI RIVER ZONE
III TAONAN SETTLEMENT ZONE
IV UPPER NONNI RIVER ZONE
V CHANGCHUN NORTHERN ZONE
VI WESTERN ZONE OF THE C E R
VII EASTERN ZONE OF THE C E R
VIII HULAN RIVER ZONE
IX LOWER SUNGARI RIVER ZONE
RAILWAYS CONSTRUCTED
RAILWAYS PROJECTED

OUTLINE MAP SHOWING SETTLEMENT ZONES IN MANCHURIA
(Originally prepared by C. Walter Young to illustrate "Chinese Colonization in Manchuria")

The Yalu Timber Company, a joint Sino-Japanese enterprise founded in 1908 with a capital of $3,000,000 has the exclusive lumbering rights on the right bank, the Manchurian side, of the upper reaches of the river. There are, however, at present several private Chinese firms operating at various places, these in the main, selling their product to the Japanese.

For the past several years groups of Chinese immigrants and laborers have begun to arrive in early spring by steamer and junk, principally from Lungkou, Chefoo and Tsingtao, the three ports from which most of the immigrants entering Manchuria have come. In the first six months of 1927 approximately 23,000 Chinese came from Shantung to Antung to be employed seasonally or to remain as permanent settlers. In fact, it is one of the interesting characteristics of this settlement zone, that a very large percentage of the immigrants are still but seasonal laborers.

Although the region immediately about Antung is agricultural in character, producing Manchurian staple products and in addition the cocoons from which pongee silk is made, the worms feeding on the wild oak trees of the district, its agricultural future is not of great importance when compared with the vast virgin lands which lie to the north. Moreover its contiguity to the Chosen border limits its attractiveness for the Chinese, and attracts large numbers of Koreans, as in the Chientao district especially. The potentiality of this settlement zone for absorption of Chinese immigrants in future is almost insignificant.

2. *The Upper Sungari River Zone.*—The most important settlement zone in South Manchuria is that of the upper Sungari river. This comprises the territory which falls principally within Kirin province, including Kirin city and lying generally east of Changchun. As thus characterized, the Upper Sungari River Zone includes an area across the headlands of the Sungari in the Ever White Mountains and the valleys adjacent to the river stretching from near the Chosen border on the south to include the headwaters of the Mutan river (the Hurka) to the northeast.

The present importance of this settlement zone is indicated by the fact the approximately 100,000 Chinese entered the zone during the first six months of 1927. For the past five years it is this zone which has seen the most noteworthy development of all in Manchuria, particularly because of the combined interest in opening agricultural lands for settlement and exploiting the timber reserves. It lies in the cereal and bean belt of South Manchuria which has been widened to the east through the extension of railways. This zone, and that to the east towards inner Mongolia, show most clearly the direct effect of railway construction in determining dispersion of immigrants.

But much of the eastern portion of Kirin province remains undeveloped agriculturally, and this not always for lack of soil fertility. Four railways now tap the zone and extensions of these are now projected or in construction. The completion of the Kirin-Tunhua proposed extension to Yenchi and Kainei (Huining), thus to furnish a new through communication route by rail from Chosen to Changchun and Harbin, will, if constructed, furnish a great impetus to the settlement of outlying portions of this area. As it is, the only important outlet to a foreign market is over the Kirin-Changchun railway, and that route is very circuitous.

This region is exceedingly rich in timber reserves, and it has been estimated that six billion board feet may be extracted from the area. Generally it may be said that the most of the lower slopes of the Chang Pai Shan (Ever White Mountain) from the Chosen border to the Chinese Eastern Railway, as well as the slopes of the Hsiao Pai Shan, are still heavily wooded, progressively denser as one proceeds inland from the river banks. Japanese and Russian authorities agree that, although no accurate figures of potential production for the whole area can yet be given, it is this forest area which has the greatest commercial importance for the immediate future. The region of the Tumen river is potentially a most important area for timber cutting. But timber felling in itself does not attract a large percentage of the immigrants. The development of the country, and the clearing of the areas for agricultural settlement, together with the general development of the areas through creation of trade marts of easy access, are the factors which indicate future agricultural settlement for Chinese immigrants.

The mineral resources of Kirin province have apparently never been adequately studied. Many kinds of minerals are known, however, in addition to the gold and copper now being mined in the T'ien Pao Shan district contiguous to the proposed Kirin-Tunhua-Yenchi Railway, and the aluminum of the valley of the Mutan, north of Tunhua. These and several chemical minerals are of some importance though far less than the coal and iron at Fushun, Penchihu and Anshan which are widely known abroad. Mining has attracted but few immigrants to Kirin province, however, as it has to the Fushun Collieries in Fengtien for which they were once recruited in Shantung and Chihli.

Agriculture, in this settlement zone, as in others in North Manchuria, is the principal incentive for immigration of Chinese. Even before the country was tapped by the construction of the Kirin-Changchun Railway, the region about Kirin was settled in part by Chinese farmers. Likewise this area drew a certain part of the seasonal farm laborers from across the Gulf. The building of the railway served to develop the area rapidly, and the recent construction of other lines in this vicinity, as the Mukden-Hailungcheng line, has had a very noticeable effect on agricultural colonization. So also with the Kirin-Tunhua line, opened to traffic in 1927, which has attracted many Chinese farmer immigrants.

Approximately 100,000 Chinese immigrants entered the Upper Sungari Zone in the first half of 1927, perhaps at least half that number more by the end of the year. Of these over half were carried by the Mukden-Hailungcheng and the Kaiyuan-Taolu lines, the remainder being transported over the Kirin-Changchun and the Kirin-Tunhua lines. The distribution of settlers is general from Changchun east beyond Kirin. On the west, Hsianhsien, Tungfenghsien and Hsifenghsien have absorbed a great many, while some have moved inland even as far to the southeast as the Chientao district, near the Chosen border. Throughout this zone the standard Manchurian crops, *kaoliang* (sorghum), millet, some wheat and much soya beans after the first year, are grown, and, in addition, rice. Particularly are the Koreans, who have settled in Kirin province in large numbers, engaged in rice cultivation as in that they have had experience which the Shantung Chinese have never had.

As for the rest of South Manchuria there is nowhere sufficient concentration to form a zone of settlement worthy of special consideration. The number who settle along the Peking-Mukden Railway is very small, in spite of the fact that that line carried over 300,000 immigrants to Mukden during 1927. Mukden itself is situated in an area which is populated to saturation under present economic conditions, though, to be sure, each immigration season sees new Chinese immigrants variously employed in unskilled pursuits in and around Mukden.

3. *The Taonan Settlement Zone.*—Taonanfu, the prefectural city which marks the southern edge of the Taonan Settlement Zone, is situated on the Taoer river, a tributary of the Nonni. Taonan is the principal town of the settlement zone, while Tailai, situated on the newly constructed line between Taonan and Angangchi, is the only other town of considerable importance in the vicinity. The Taonan district is under the administration of the civil governor of Mukden nominally, though in actual control of a local military commander allied to the Manchurian military régime. The local *taoyin* nominally is subordinate to the civil governor of Mukden. It seems essential to mention this fact since among geographers this twilight zone of administration between Manchuria and Eastern Inner Mongolia is often considered as a part not of Manchuria but of Mongolia.

As a settlement zone the Taonan area seems to have been much exaggerated, for it has little present importance and its future is not encouraging. This arises from the character of the terrain and the poor soil quality almost all along the new railway lines from Chengchiatun to Taonan and Angangchi. The soil quality adjacent to the railway is, to be sure, irregular. South of Angangchi it is very sandy and there are traces of alkali areas. Nearer Taonan in the river valleys the soil improves, but here too it is streaked with the white knolls which appear rather to be drifted sand than alkali. The alkali is evident only in the lowlands and depressions between these knolls. Partly to obtain the actual facts with reference to the character of this area, and especially to ascertain just to what degree colonization was under way, I traveled over the newly built Taonan—Angangchi line, the Chengchiatun-Taonan line, and the Ssupingkai-Chengchiatun line in the late summer of 1927. The observations then made, which were in harmony with those of Paul Nyhus, commissioner of the United States Department of Agriculture who accompanied me throughout this journey, are the principal bases for the statements here made with regard to the Taonan country.

The whole territory from Angangchi to Chengchiatun is generally not under intensive cultivation, or not cultivated at all. Grazing is the predominating industry, with but limited areas, usually of poor soil, producing the usual Manchurian staples, principally *kaoliang* and soya beans. The year 1927 produced a crop of *kaoliang* in Manchuria both tall and thick, but in this part of Manchuria it was evident that the natural fertility of the soil was too inferior to produce anything but crops mediocre to poor. Only with plentiful rains and consistent is there assurance of much agricultural production in this area. The first cereal and bean exports from this area by way of Ssupingkai were disappointing, and it is doubtful if, without the cargo which the Taonan-Tsitsihar line will draw from the Chinese Eastern Railway about Anta, the production of the Taonan zone would enable the railway itself to be more than mildly profitable. The country, except for localized areas about Taonan, is destined to remain much as it is for the time being, a grazing country which produces sheep, horses and cattle.

These natural characteristics of the Taonan Settlement Zone serve to explain why the Chinese immigrants who enter the country from Ssupingkai generally are found to continue northward beyond Angangchi, to cross the Chinese Eastern Railway. Before 1925 very few immigrants entered this zone in spite of the fact that the Ssupingkai-Chengchiatun and Chengchiatun-Taonan railways made through traffic possible in Taonan after November, 1923. In 1925 about 5,000 immigrants entered the Taonan zone. In 1926, however, the number had trebled, while during the first of 1927 approximately as many entered the zone as during the whole of the previous year, a number estimated to be about 15,000. When compared with the hundreds of thousands of immigrants who entered other parts of Manchuria during the same period it is evident that these few do not make of the Taonan zone one of the principal places for absorption of immigrants, contrary to statements emanating from certain sources in Manchuria. It is further of interest to note that no more than 6,000 had settled south of Taonan, in the territories served by these railways, in the entire period since the opening of traffic through to Taonan in the autumn of 1923 until 1927. These railways, however, look rather toward the goods traffic which may be derived from the Anta wheat district on the Chinese Eastern Railway, between Harbin and Tsitsihar-chan, and to the cargoes which may be expected from Eastern Inner Mongolia. These characteristics of settlement in the Taonan zone should be noted along with the obvious efforts of the local Chinese authorities to encourage colonization in the districts adjoining Taonan. One should not be deceived by the fact that a larger number of immigrants *pass through* the Taonan district on toward the upper Nonni valley. These settle outside the Taonan Settlement Zone.

4. *The Upper Nonni River Zone.*—This settlement zone occupies the extreme northwestern section of the great Manchurian plain. Here the river flows south toward Tsitsihar and Petuna where it joins the Sungari. Above Tsitsihar the country traversed by the river is predominantly a plateau sloping south and intersected by the tributaries of the river. In these valleys are cultivable lands of varying quality. On the whole, however, though Tsitsihar has long been a trade mart of importance as an outpost for supplying the frontier country of forests and fur-bearing animals in the Greater Khingan Mountains and the headwaters of the Nonni, the general character of the soil may be characterized as mediocre. Most of the land which is cultivable has never seen the plough. The tending of flocks of sheep and ranging horses—this, indeed, being one of the leading sources for the Manchurian ponies—is its principal occupation. Geographically and politically, the zone marks the transition between the great prairie country of Mongolia, which merges into the Barga district of Heilungkiang province, and the central Manchurian plain. Because for long Tsitsihar and the Barga country to the west has been a region of Mongol influence, this settlement zone of the Nonni above Tsitsihar has had much political importance. For the Russians it has been a stepping-stone to Mongolia and a link with the trans-Amur country.

The upper Nonni settlement zone has, therefore, attracted but few Chinese immigrants as yet, though this situation is changing. The population of the Tsitsihar district was estimated in 1927 to be but 500,000. No railway serves the area beyond Tsitsihar, though in the not far distant future it is highly probable that the Taonan-Tsitsihar line will be extended to Mergen (Nungkiang), there to connect with the Hulan-Hailun extension, and perhaps to continue eventually to the Amur, i.e., to Aigun and Heihofu. The Nonni is not navigable for deep-draught river boats, and frequent floods interfere with communications on the river. There is, however, a long high road for carts from Tsitsihar north to Mergen, roughly paralleling the river, and from Tsitsihar there is, of course, the double outlet over the Chinese Eastern Railway and the newly constructed Taonan-Tsitsihar line.

The railway communications from the south and east make of the city of Tsitsihar a natural receiving station for Chinese immigrants from the Ssupingkai and Harbin. Since about 45,000 immigrants were carried by the Chinese Eastern Railway from Harbin to Tsitsihar-chan during the first half of 1927 it may be presumed that the greater part of them actually entered the Upper Nonni Settlement Zone. Below Tsitsihar and to the east for a short distance the soil is very poor and offers no inducements to settlers. Moreover, most of the immigrants who come from Angangchi, over the Taonan railway system, proceed to Tsitsihar and from there disperse into the upper Nonni country. The future of the Upper Nonni Settlement Zone will depend very much on whether the railway extensions to Mergen are completed. The construction of those lines would serve to fuse the Nonni zone of settlement with that of the Hulan valley to the east.

5. *The Changchun Northern Zone.*—The settlement zone which lies to the north and west of Changchun, the great distribution center for Chinese immigrants who have come either in part by sea or entirely by land from across the Gulf of Pechihli, is the first North Manchuria settlement area which lies on the main route of immigration. An oval drawn to include the principal places of present settlement with this zone from a point east of where the Sungari river is crossed by the southern branch of the Chinese Eastern Railway (Hsiaochengtzu), where this zone fuses with that of the upper Sungari, would extend to a western point half way between the confluence of the Nonni and the Sungari and the Taonan-Tsitsihar railway. This would be its longest diameter. The shorter would be the greater portion of the southern section of the Chinese Eastern Railway. The entire Changchun Northern Zone would thus include the town of Nungan (northwest of Changchun), and the angle formed by the Sungari river near Petuna (Potunei). To the south of the zone, especially about Changchun, is the great central Manchurian bean belt. This is the fertile prairie country which lies between the upper Liao river and the central Sungari sections, and stretches to the west to merge into the rolling prairies about Taonan.

The stage of agricultural development in this zone is the farthest advanced of the six settlement zones in North Manchuria. Most of it is well populated already and especially so near Changchun on the south and concentrating at trade marts on the Sungari. Where the Nonni joins the Sungari to make of the combined stream one of sufficient size and depth for steam navigation to Harbin and beyond, a cluster of closely situated towns has also concentrated population in this western portion of the zone. The district about Petuna was estimated in 1922 to have an irregular population of from 50 to 70 to the square mile, or but slightly less than the territory about Anta which lies to the north, but nearly ten times more densely populated than the Tsitsihar district to the northwest.

Being on the main route of immigration into North Manchuria, this settlement zone has taken each year many of the Chinese settlers who by the hundreds of thousands now detrain annually at Changchun. In 1927, of the 435,000 immigrants who during the first six months detrained at Changchun or arrived there on foot from the south—a number estimated to be 50,000—it seems that about 35,000 actually remained in the zone characterized. Of these the greater portion, upwards of 25,000, entered the zone to the northwest of Changchun, especially about the Nungan district. Most of the remainder dispersed on both sides of the southern section of the Chinese Eastern Railway between Changchun and Harbin, a rolling prairie country, generally well cultivated near the railway, though partly given over to good grass lands.

The facts that this zone was long ago fairly well populated, that the population density is now well over 50 to the square mile, that intensive cultivation prevails in many places throughout the zone, and that only a very small part of the immigrants who have detrained at Changchun actually settle in this area, indicate that the Changchun Northern has not been in recent years a settlement zone of much importance, and that in future there is little opportunity for absorption of immigrants in this area. This zone, however, illustrates in striking manner the fact that Chinese farming industry usually seeks the closeness of towns, and tends to develop especially near large water courses. The Sungari river, therefore, historically and in the recent past has drawn many immigrants to its banks. The Sungari has long been at once the lode and the lodestone, if such a metaphor may be used, to draw Chinese colonists into North Manchuria. Navigable as it is by junks from above Kirin, and by river steamers from the confluence with the Nonni, the Sungari is the most important water course entirely within Manchurian territory. Further development of the Changchun Northern Zone will, therefore, tend to a more intensive settlement farther and farther away from the Sungari itself.

6. *Western Zone of the Chinese Eastern Railway.*—Of the flood of immigrants which annually pours through Harbin from Changchun—about 400,000 during the first six months of 1927, and between 700,000 and 800,000 in the entire year—the greater part continues east into and beyond the Eastern Settlement Zone of the Chinese Eastern Railway. A smaller group go west from Harbin, into and beyond the Western Settlement Zone of the Chinese Eastern, while the remainder divide into two courses, the one, much the smaller, spreading out in the Hulan valley, the other, destined to be perhaps the most important of all, following the course of the Sungari river into the Lower Sungari Settlement Zone. During the past few years the ratio of dispersion in these zones, except for that in the newly opened Hulan valley, and the steady increase into the lower Sungari valley, has been much the same, as between the two zones of the Chinese Eastern Railway. The eastern section has generally taken almost twice the number of the western.

The Western Zone of the Chinese Eastern Railway, because traversed and served by the railway, has drawn the population to the trade marts and their immediately contiguous territory, while to the north the population diminishes in density very rapidly. Most of this zone is exceptionally fertile, especially around Anta, the principal trade mart of the zone. Anta lies in the midst of that black loam country which has made of it one of the finest wheat and bean producing sections of all Manchuria. It is the produce from about Anta which is the mainstay of the produce traffic of the Chinese Eastern Railway bound for Vladivostok. The usually thick black soil, through the full depth of the railway cuts about Anta, may be seen from the Trans-Siberian trains that form at Harbin. Farther to the west, near Tsitsihar, in the lowlands that produce the marketable soda and salt, the soil is naturally far inferior.

The whole zone is almost exclusively agricultural, with cattle breeding an important industry especially away from Anta. The density of population in the Anta district was estimated in 1922 to be from 60 to 75 per square mile, or about the average of Manchuria taken as a whole. Over 30 per cent of the total area of the Anta district in 1927 was estimated to be under cultivation, while the reserve of cultivable lands was estimated to be nearly one-fourth of the total area. This would mean, of course, that cultivable grazing lands would have to be ploughed, and that relatively poor quality soil would also have to be utilized. In any event, it is apparent that the Western Zone of the Chinese Eastern Railway is not settled to saturation by agricultural immigrants, and the future will perhaps see a steady ingress into this zone.

Of approximately 90,000 Chinese immigrants who entered this zone during the first six months of 1927 about one-third settled near Anta. Of the remainder about three-fourths went all the way to Tsitsihar. During the whole of the year 1927 it appears that at least 75,000 immigrants settled or entered to remain for the year at least in the Western Settlement Zone of the Chinese Eastern.

7. *Eastern Zone of the Chinese Eastern Railway.*—The Eastern Zone of the Chinese Eastern Railway, like that of the Western Zone, lies immediately along the railway, i.e., from Ashiho to Ninguta, and from there still farther east to the Sino-Russian border at Suifenho, or at Pogranitchnaya. Most of the country beyond Uchimiho is mountainous as the railway cuts through the gaps in the northern ranges of the Ever White Mountains. On both sides of the ranges, however, though more broadly toward Harbin and the west, stretch rolling prairies which tend to flatten eventually into the great Manchurian central plain. It is in the spurs of the Chang Pai Shan from Uchimiho across to Hailin near the Mutan river (Hurka) and Mulin beyond, that the timber concessions obtained originally to supply the railway with necessary ties, timbers and lumber are situated.

This zone is, therefore, at once agricultural and important for its timber production. The agricultural produce of the region is extremely varied and includes wheat and rice. Up country in the river valleys, as in so many parts of Heilungkiang which has long been a source of supply because of its distance from a few wary eyes in Peking, the poppy is grown. But the cultivation of the poppy seems to have been reduced in Manchuria with the improvement of transportation by railway. (Incidentally, I have recently seen poppy fields in many places in Kirin and within five hundred feet of the railway near Liaoyang.) It is interesting also to note that in the Sino-Russian timbering agreement of August 30, 1907, entered into by the Chinese Eastern Railway Company and the Kirin provincial government, it was specifically provided that "if there be any tillable land within the timber-felling sections, the Chinese authorities remain at liberty to bring in immigrants to open up the land, and to this the Railway Company shall offer no obstruction."[13] Chinese were also to be permitted to enter the timber areas leased to the railway company for the purpose of hunting or gathering ginseng.

To ascertain accurately the number of immigrants who annually settle along the railway in the Eastern Zone is practically impossible. This arises from the fact that it is quite impossible to know what percentage of those who enter the zone actually do so with the intention to move northward toward the Sungari valley. Because about one-half of all those who come to Harbin continue east over the Chinese Eastern Railway, or into this settlement zone it has been presumed that they settle there. This is, of course, in error, for many either continue through toward Pogranitchnaya to settle in the Lake Hanka district, or proceed directly north to the Sungari, eventually, in the main, to proceed toward Sanhsing and beyond. Practically 40 per cent of the immigrants who entrain at Harbin eastbound leave the train in the vicinity of Uchimiho and Imienpo. These sections are but *points d'appui* to the Lower Sungari Zone. Perhaps the number which eventually become settlers in the valley of the lower Sungari is nearly half of the total who enter the eastern zone by rail from Harbin, or in the first half of 1927, something less than 100,000, and nearly double that number for the year. Considering those who enter the Eastern Zone of the Chinese Eastern on foot it is possible that about 125,000 settled there, or entered to remain for the year at least, during the first half of 1927. But the distribution is irregular and at least several thousand in 1927, for example, went all the way to Lake Hanka in the vicinity of the coal mines there.

In view of the fact that a part of the cleared timber lands may be turned under the plough, it appears that the present acreage in the Eastern Zone of the Chinese Eastern Railway may at least be doubled and profitably cultivated. In 1922 it was estimated that from 30 to 40 persons to the square mile then lived in this zone.[14] Incidentally, this zone during the last thirty years has been popular for bandits whose depredations encourage settlement as near to the railway line as possible. The wooded areas are often bandit sanctuaries into which only the most adventurous hunters and ginseng gatherers make bold to enter. The bandit situation here and in the lower Sungari valley is an important deterrent to rapid settlement away from the larger centers of habitation and protection.

8. *The Hulan River Zone.*—The Hulan valley, north of Harbin, was long ago partially settled, but only recently has become especially important due in part to the construction of the Hulan-Hailun Railway. The Hulan valley, like the region about Anta, is exceptionally fertile and the produce of this section is a great part of

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[13] J. V. A. MacMurray, *Treaties and Agreements, etc.*, Vol. I, pp. 672–673.

[14] *North Manchuria and the Chinese Eastern Railway*, pp. 12 and 22 (published by the Economic Bureau of the Chinese Eastern Railway, Harbin, 1924; originally published in Russian in 1922).

that carried to Vladivostok by the Chinese Eastern Railway. The construction of the Hulan-Hailun Railway, first to Suihua, to which point it was opened to traffic in January, 1927, and the more recent construction of the line beyond Suihua, has had an important influence on agricultural settlement. The traffic returns of the new railway, which has been built by a private Chinese company under the technical direction of Boris V. Ostroumoff, former Manager of the Chinese Eastern Railway and builder of the Russian Bokhara railway, has more than justified its construction. Already the export of grain from the zone served by the railway (including the considerable cart traffic which still persists) is in the neighborhood of a million tons annually. The management of the railway estimates the population of the area served by the line as about 3,000,000, a figure larger than usually thought to be accurate. In the vicinity of the railway the population is perhaps 150 to the square mile. The reason for this lies, of course, in the fact that the southern portion of what has here been termed the Hulan River Zone is adjacent to Harbin, a natural population center around which congestion of agricultural settlement tends to occur. The Hulan-Hailun Railway management estimated in 1927 that the new railway then served approximately 8,000,000 acres of cultivated area, a figure which perhaps is exaggerated, as the entire cultivated acreage of North Manchuria is more reliably estimated to be approximately 20,000,000 acres.

The new railway by creating trade marts and giving vigor to the old towns of Suihua and Hailung has served to attract immigrants to the areas yet undeveloped. The railway gives an element of stability and protection to the area which it had never possessed, a factor made the more important by virtue of the fact that the provincial authorities of Heilungkiang are financially interested in the railway. It is interesting to remark that it is in this settlement zone that a foreign missionary society (Shantung Missionary Society) has obtained a tract of land for settlement of immigrant refugees from Shantung. At least 10,000 immigrants entered the zone from Harbin during the first half of 1927. When the railway is completed to Hailun and beyond, over a total distance of nearly three hundred miles, it is anticipated by the management of the line that the acreage served by the line will be four times that of the present. If this is true, which is unlikely, it could only be accomplished through a remarkable increase in agricultural settlers. It would seem, however, that, given the supply at Harbin, the Hulan River Zone will absorb a hundred thousand immigrants in the next five years.

9. *The Lower Sungari Settlement Zone.*—Measured alike by present influx of immigrants and by prospects for future absorption the zone of the lower Sungari river is the most important in all Manchuria. The area is served by the mighty Sungari, the longest and most serviceable water communication entirely within Manchuria's boundaries. The zone itself is located on both sides of the river below Harbin, but, for convenience, not only the territory contiguous to the river but that which lies still farther to the north in the angle formed by the confluence of the Sungari and Amur rivers is also included. The settlement now in progress in the Sungari valley blends by imperceptible degrees of change into that of the lower Amur in North Manchuria. Because the Sungari below Harbin is navigable

not only by the ubiquitous junks, which give it the appearance of a south China river at times (except for the lack of colorful sails and prows), but also by deep-draught steamers which for decades now have plied the course of the river from Harbin to the Amur and the sea, the Sungari offers not only the best but almost the only means of access to this settlement zone. No railway pierces the lower Sungari valley below Harbin.

The role of the Sungari in attracting settlers to its banks would be difficult to exaggerate. First the river valley, and then the territories beyond, were settled in part long before the opening of the present century. Between Petuna and Harbin there is a lively traffic on the river, but between Harbin and T'ungkiang, where it joins the Amur to flow to the southern straits of the Okhotsk Sea, the river carries not less than 75 per cent of all the cargoes of its entire course.[15] And it is interesting to note that while formerly most of the produce on the Sungari was carried down stream to supply the Russian Far Eastern settlements on the Amur, the wheat for the Russian mills, and the beans for eventual export from the port of Nikolaevsk at the Amur's mouth, now all this has changed, and the produce of the lower Sungari is marketed through Harbin.

The natural fertility of the soil in many areas in the Lower Sungari Settlement Zone, as, for example, in regions about Sanhsing, where the late Major Morgan Palmer had his ranch, the development of the towns along the river, and the measure of political protection which resulted from the latter fact, has served to attract many settlers from Harbin to the steamers and junks which carry them down the river. The Sungari valley in this section is not part of the great Manchurian plain. The river flows between rugged mountain ranges in numerous places, but the valley of the river is generally fertile, as also the valleys of its tributaries. This is evidenced by the fact that even at the present stage of development the river landings collect some 20,000,000 poods (one pood equals 36 pounds) of cereal produce annually for transportation by river craft. Nor does this include that carted overland to the stations of the Chinese Eastern Railway. As the cultivated area is still considerably smaller than that which profitably can be tilled there is a certainty that production will increase progressively with settlement. It has been estimated, in fact, that the cultivable area of the Lower Sungari Zone can be doubled or perhaps trebled.[16]

Available land for agriculture is supplemented by the presence of wood for fuel and for construction of dwelling houses. Morgan Palmer's experiences with settlement of Shantung farmers near Sanhsing in this zone showed clearly how much of an appeal the presence of fuel for the cutting had for immigrants who had not been accustomed to a plentiful fuel supply in the land from which they had come. Much of the virgin timber has already been cut near the Sungari and its tributaries, but scrub and second growth timber have grown during the last twenty years to such an extent that they have value for the settlers.

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[15] Lubimoff and Gorlanoff, "The Sungari River: Economic Description of the Most Important Landings and the Districts of Heilungkiang and Kirin Provinces Which They Serve," *Manchuria Monitor,* No. 3 (1927), pp. 11–17.

[16] E. E. Yashnoff, "Colonization Prospects in Manchuria," *ibid.,* No. 5 (1928), p. 4. Mr. Yashnoff has done exceptional work in connection with the study of agricultural colonization in North Manchuria, his results having been published in several articles in the *Manchuria Monitor* (the above article continued in No. 6, 1928) and in book form in Russian and Chinese. The article noted above is an English version of the findings which

But the immigrant settlers are, in fact, mostly farmers, only a small number being attracted in 1927, for example, to the Ussuri district to work on the railway. Timbering alone attracts a larger but still inconsequential number of permanent settlers. Moreover this region is known to be rich in various minerals, but mining has small influence on settlement in Manchuria. Mulanhsien, some seventy miles from Harbin, marks the beginning of the region which remains comparatively undeveloped and from this point on down the river the zone offers the greatest attraction for agricultural settlement. But the Lopei district, far to the north on the Amur, has recently attracted farmer immigrants from Shantung and Chihli. The population of the lower Sungari area (including Sanhsing, but exclusive of the territory north of the lower reaches of the river) was estimated in 1922 to be from 30 to over 60 to the square mile.

Just as it was quite impossible to give accurate figures of present immigration into the Eastern Zone of the Chinese Eastern Railway, so is it likewise impossible to do other than give approximate figures for the Lower Sungari Settlement zone below Harbin. Perhaps no less than 150,000 settlers entered the zone in 1927 and possibly twice that number. No figures are available from any source for the immigrants who trek overland from the zone of the Chinese Eastern Railway east of Harbin, though this number may be estimated as something less than 100,000 for the first half of 1927, or double that amount for the entire year. Some idea of the general movement on the river, however, can be had from the fact that during the first six months of 1927 approximately 40,000 more passengers boarded boats (presumably steamers) at Harbin destined down the river than landed there. During this same period approximately 50,000 immigrants arrived in Harbin, over and above those who subsequently went east or west into the zones served by the Chinese Eastern Railway. Nor is it possible to estimate the number who were carried down the Sungari as immigrants by the many junks which constantly ply the river during the immigration season.

That the Lower Sungari Settlement Zone is not only now but in future destined to be the zone of greatest attraction for the Chinese immigrants from Shantung and the south is evident alike from the present movement and the potentialities of the region for absorption of immigrants as farmers. The late Major Morgan Palmer, than whom none had more intimate acquaintance with the heart of this

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Mr. Yashnoff has included in his recent book in Russian, *Colonization of North Manchuria and Its Prospects,* published by the Chinese Eastern Railway Company. A Chinese translation is projected for 1929. Another book on the general subject is D. A. Davidovitch's *Colonization of Manchuria and Northeastern Mongolia,* published in Russian by the Eastern Institute, Vladivostok. Another book on the subject has recently been received from the Economic Bureau of the Chinese Eastern Railway, published in Chinese under the title *Pei Man Nung Yeh* ("Agriculture in North Manchuria"), Harbin, April, 1928. No English version of any of these highly specialized studies has as yet appeared.

region, that is about Sanhsing, characterized the Lower Sungari Zone as "indeed a country of the future, where natural resources are almost unlimited, and an abundant labor near at hand only waits for the opportunity to increase the world's food supply." But the region wants peace and protection from the roving Chinese bandits who have in past decades preyed on the more industrious in this area.

V. POPULATION AND LAND UTILIZATION IN NORTH MANCHURIA

North Manchuria, which includes practically all of Manchuria lying north of the forty-fourth parallel of latitude, is the pioneer zone *par excellence* of the Three Eastern Provinces. In stage of development it represents the economics of the frontier, not unlike the Mississippi valley, in many respects, during the opening years of the nineteenth century. Except for the industries developed here and there along the main line of the Chinese Eastern Railway, especially concentrated around Harbin, the commercial metropolis of North Manchuria, this wide expanse of country of varying topography remains today largely undeveloped. It is interesting to observe that 75 per cent of all modern factory industries in North Manchuria are concentrated in and around Harbin.

The present population of North Manchuria appears to be between 10,000,000 and 13,000,000, i.e., a population greater than in the whole of Siberia and the Russian Far East.[17] Some estimates place the total at an even higher figure, as 13,500,000, for example, which is the estimate of E. E. Yashnoff of the Economic Bureau of the Chinese Eastern Railway. The latter, however, includes portions of Kirin province which are not properly included within "North Manchuria" and not so included in the term as used herein. Heilungkiang province has a population of perhaps about 5,000,000.[18] As indicated above, the population varies widely from over 300 per square mile in the environs of Harbin, to less than one in the Barga district in the extreme northwest of Heilungkiang. The natural increase of the population (exclusive of immigration) has been estimated at 2 per cent annually. At least 1,250,000 immigrants entered North Manchuria by way of Harbin during the years from 1924 to 1928 inclusive. If 75 per cent of these remained as permanent settlers it may be presumed that approximately 1,000,000 have been added to the population of North Manchuria by immigration during the four years from 1924 to 1928 inclusive. This is, of course, a very rapid increase through immigration, an increase which is far larger than the normal increase by births within the area. The population of Heilungkiang province appears to have about doubled in the ten year period from 1919, and is now approximately 25 to the square mile, or less than one-fourth the density of Kirin, and about one-seventh the density of Fengtien. The average population density of the whole of Manchuria would appear to be nearly three times that of Heilungkiang, taken as a whole, and about the same as that of the Anta district in North Manchuria.

Turning to the area of cultivated and cultivable lands in North Manchuria one is confronted with a varying array of figures from various sources. Those given by the Economic Bureau of the Chinese Eastern Railway are presumed to be the most accurate, though they are admittedly the result of hearsay statements concerning outlying areas, rather than actual soil surveys. The difficulty of estimating the cultivable land which may be profitably tilled by settlers is increased by the fact that no adequate soil surveys have ever been made of most of the areas in question, and consequently it is obvious that the general figures given below give no accurate clue to the percentage of possible increase in land utilization in the years to come. Nor is it all likely that the present volume of immigration is likely to continue as during the years from 1925 to 1928, far less to increase.

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[17] E. E. Yashnoff, "Agricultural Development of North Manchuria," *op. cit.*, Nos. 1–2 (1925), p. 20.

[18] *Ibid.*, p. 19; *Report on Progress in Manchuria, 1907–1928*, p. 11.

The Economic Bureau of the Chinese Eastern Railway has generally estimated that 11,320,000 shan (8,233 hectare or over 20,000,000 acres) are now under cultivation in "North Manchuria," i.e., about two acres per capita, or about 10 per cent of the entire land area.[19] Mr. Yashnoff has further estimated that the amount of cultivated land in "North Manchuria" may perhaps be increased over three times, that the population may be trebled, and that this might theoretically take place within a period of forty years. Of the land reserve which is characterized as cultivable, approximately 34 per cent are declared to be of poor quality, and about 25 per cent of decidedly inferior quality. This latter fact, coupled with the disinclination of the Chinese to settle in areas remote from towns and ready means of communication, emphasizes that perhaps no more than an area equal to that at present cultivated may be expected to be settled in the next two decades or more. The coming of new railways to Heilungkiang province, especially to Mergen and Sanhsing, would, however, have an influence which is beyond calculation. What may be said with some degree of definiteness, however, is that North Manchuria is theoretically capable of absorbing a population of from twenty-five to forty millions without the change which industrialization would bring about, and that North Manchuria *can absorb* all that Shantung and Chihli are likely to send in the next two decades and more.[20] Not the *absence* of cultivable lands, but their location, the difficulty of communication, the insecurity against bandits, climatic conditions differing from the provinces across the Gulf, the necessity for growing short season crops of different character from those grown in Shantung, for example, and the most important factor of all, the likelihood that, granting a certain degree of political stability and absence from natural calamities in Shantung and Chihli, the recent flow of immigration will be checked, these factors tend to the conclusion that North Manchuria will *not absorb* anything like what the cultivable area of land would seem to indicate that it *can absorb*. Mr. Yashnoff has estimated that from 1911 to 1927 the average annual increase of land under cultivation in "North Manchuria" has been approximately 5 per cent. This is, indeed, a very high figure, but it seems to have been proved by the increase in grain cargoes carried by the Chinese Eastern Railway.

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[19] E. E. Yashnoff, "Colonization Prospects in Manchuria," *op. cit.*, No. 6 (1928), p. 16.

[20] Dr. O. E. Baker, of the United States Department of Agriculture, expressed the view at the Institute of Politics (Williamstown, U.S.A.) in 1928 that something over twice the present acreage can be brought under cultivation in North Manchuria. A committee of the round table on "Problems of the Pacific," including the writer, drew up a report in which it was declared that "Manchuria will support a Chinese population of about 100,000,000 on the strength of living comparable with the existing standards in China." To this report the writer demurred on the ground that there was not adequate statistical data to substantiate any such generalization (*Report of the Conference,* Institute of Politics, Williamstown, 1928, p. 194).

With regard to some of the more specific phases of land utilization in North Manchuria it may be said, first, that while it is evident that the greater percentage of the immigrants are actually destined for labor on the land, it is quite impossible to ascertain what percentage of them actually obtain land in freehold. It would seem, however, that that number would be comparatively small. Much of the land available for cultivation has for many years been held by Chinese officials or semi-official colonization companies, or by private syndicates or individuals who own large estates. This does not mean, however, that all the land has been taken up by these companies. A part of the land which is officially registered by the owners may be leased by tenants, but the usual method is to permit settlers to till the land on a crop contract basis. In fact, tenants in North Manchuria frequently pay their rental for leases in kind rather than cash. The various forms of crop contract arrangements may be classified roughly as follows: (1) equal division of the crop between landlord and tenant, in which case the owner may furnish the land, living quarters, live stock, implements and seed; (2) unequal division of the crop, in which case the owner receives the smaller share, while he furnishes live stock and implements only; or (3) unequal division of the crop, in which case the owner receives a still smaller share, or perhaps in rare cases a monetary rental, the owner furnishing only the land. These forms vary according to circumstances of soil quality, distance from market, and supply of prospective tenants in the vicinity.

Stock farming in most regions of North Manchuria, especially in the lower Sungari valley, for example, is rather the exception than the rule, as the Chinese farmer from Shantung is disinclined to have on his place more stock than necessary for draft purposes. Moreover, there is a tendency for the settlers to seek to grow the crops with which they have been familiar, thus creating somewhat of a maladjustment in the northern parts of Kirin and in Heilungkiang where climatic conditions are not the same as in Shantung. Crops suitable to short season growth and usually of use for home consumption are favored by the farmers, including millet, *kaoliang* and vegetables. Soya beans, wheat and rice are also grown in Heilungkiang, soya beans being the leading money crop as well as usuable for home consumption. Rice is especially grown by the Korean immigrants who recently have moved in rather large numbers from southern and central Kirin into northern Kirin and Heilungkiang. In rice growing the Chinese from Shantung is no competitor for the experienced Korean. With but a few exceptions the Chinese immigrant settlers in North Manchuria do not use any more labor-saving devices or machinery than they have used in Shantung. Power machinery is still in the infant stage of development in North Manchuria, and it is apparent that, while the variety of implements used by the farmers is, in fact, great, they are usually of home construction and require a maximum of human labor for their use. Draft animals have by no means supplanted human labor even on the larger farms of portions of North Manchuria.

There is a wide variation in North Manchuria in the size of the individual land holdings, so much so, in fact, that it is quite impossible to make sweeping statements, and any statement of a general average size would be misleading. In Heilungkiang province individual land holdings vary in size from farms of a single *mou* to thousands of acres or thousands of *shan,* in which case the latter are held by land syndicates or individuals who sublet portions to the immigrant tenants. In Fengtien province the individual land holdings are but slightly larger than those in Chihli and Shantung.

VI. EFFECT OF COLONIZATION ON PRODUCTION AND FOREIGN TRADE

Adequately to estimate the effect of immigration and settlement upon crop production and upon export for foreign markets would require first that some definite statement be made of the annual increase in cultivated land due to colonization. The Economic Bureau of the Chinese Eastern Railway has estimated that about 5 per cent is added annually to the cultivated area of North Manchuria due to immigration. There is also a tendency to more intensification in cultivation as the labor supply becomes more plentiful. From 1911 to 1927 the grain cargoes carried by the Chinese Eastern Railway have increased from 750,000 tons to 3,270,000 tons, which increase is attributed by the Economic Bureau in large measure to the increase in cultivated land, i.e., 5 per cent annually during that period.[21] The increase in marketed crops has been especially apparent for soya beans and wheat, the latter for certain year periods only, these two crops being the principal money crops for the Manchurian farmers. Taking all the crops grown by the farmers into consideration, however, it appears that two-thirds of all that is grown never is marketed at all, but is consumed by the producer, that about 10 per cent is marketed locally, and that only the remainder eventually finds an outside, or foreign market. But even when allowance is made for the natural increase in native consumption of the produce grown in North Manchuria it is evident that the export of grain and cereals has increased remarkably in the past several years.

The United States Department of Agriculture reported in 1928 that soya beans occupied a fourth of the total acreage devoted to staple crops in Manchuria in 1926, and that they provided fully half of the farm income in northern Manchuria, and more than half of the total volume of freight handled by the Manchurian railways.[22] As a money crop the only competition is in wheat, although *kaoliang* and millet occupied a fourth and a fifth respectively of the land in staple crops in Manchuria. Except for a generally small export of these latter two crops, especially to China proper and Chosen, it may be said that they are consumed locally. Some estimates place domestic consumption of soya beans at about a fourth of the crop produced. But even when that amount is deducted, some idea of the great importance of the

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[21] E. E. Yashnoff, "Colonization Prospects in Manchuria," *op cit.,* No. 6 (1928), p. 20.

[22] U.S. Department of Agriculture, Bureau of Agricultural Economics, *Foreign Service Release,* FO— No. 30 (June 22, 1928), titled "The Soya Bean Industry in Manchuria," p. 3. These Foreign Service Releases on Manchurian agriculture were based in the main on the field investigations of Paul O. Nyhus, commissioner of the Department, who traveled widely in Manchuria in 1927.

Manchurian soya bean in world trade can be had from the fact that Manchuria in recent years (1926 and 1927, for example) produced annually more than half of the entire amount of soya beans grown in the entire world, a total of nearly 190,000,000 bushels in 1927.[23] In twelve years the production of soya beans in Manchuria has more than doubled. With respect to the soya bean also it is interesting to note that that crop produces greater returns per acre and per labor unit than any other Manchurian crop. The soya bean is, of course, marketed in various ways, the beans themselves, bean oil and bean cake each being principal exports from Manchuria. The rapid increase in export of each of these is indicated by Table III.

TABLE III

INCREASE OF EXPORT OF BEAN PRODUCTS

	Beans (Short Tons)	Bean Oil (Short Tons)	Bean Cake (Short Tons)
1915	846,000	72,000	831,000
1927	1,933,000	173,000	2,100,000

Although it is quite impossible to indicate just how much of this rapid increase in production and export is due to immigration, a general statement of the United States Department of Agriculture, based on the field research of Paul O. Nyhus in Manchuria during 1926–1927, may be quoted: "The rapid development in soy bean production was facilitated by an influx of population from China, proper, by the development of a system of railroads, by the freedom from civil wars which have hampered development in China proper, and by the Manchurian climate, which is more favorable to bean cultivation than to some other staple temperate zone crops."[24]

In fact, it is evident that the popularity of the soya bean for the North Manchurian farmer has had a striking effect on wheat production in recent years. In 1920 Manchuria exported 20,000,000 bushels of wheat to world markets, while in 1924 the trade was reversed, and flour, equivalent to 13,000,000 bushels of wheat, was imported.[25] Inasmuch as new lands and the Manchurian climate have been found to be more likely to produce large crops of soya beans (after the first year) than of wheat, and because of the hazards of growing wheat in any case, the immigrants have a tendency in recent years to turn their attention principally to beans. In view of the current demand in world markets for the Manchurian soya bean, in its various forms, it is highly improbable that North Manchuria will regain the position which it once had as a producer and exporter of wheat, and very probably it will be unable to produce more flour than would likely be consumed in Manchuria itself. As a matter of fact, several of the Harbin flour mills have been practically idle for several years on account of wheat shortage. But whatever the hazards of wheat growing in North Manchuria it is evident that certain regions, as those about Anta and in the Hulan valley, will continue to supply considerable quantities, and wheat is today, in spite of decrease in production, one of the principal crops of Manchuria. But Manchuria farmers are loath to forget, as farmers the world over remember in similar circumstances, that in 1923 the average yield per acre for wheat, due to adverse climatic conditions, was only six bushels, and that the total production fell off in one year from forty-five to nineteen million bushels. Such experiences leave an indelible impression on the frugal farmers of Manchuria. At all events, it is quite impossible to predict either the future of wheat production in Manchuria, or the effect which new immigration and colonization may have upon production and foreign export.

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[23] *Report on Progress in Manchuria: 1907–1928*, pp. 115–117.

[24] "The Soy Bean Industry of Manchuria," *Foreign Service Release*, FO— No. 30, p. 3.

[25] U.S. Department of Agriculture, Bureau of Agricultural Economics, *ibid.*, Wh—5 (Nov. 7, 1927), titled "The Wheat and Flour Industry in Manchuria," p. 1. (Based on the field research of Mr. Nyhus.)

Turning to consumption, and the effect produced by increased population due to immigration, one is confronted again with dubieties. The increase of Manchuria's population from perhaps 14,000,000 in 1900 to perhaps over 25,000,000 at present has naturally had a significant effect on consumption of imported goods, an increase which in the nature of the case may be in the main indirect. New railway construction, for example, is undoubtedly a principal cause for the rapid increase in Manchuria's import trade. When one realizes that the needs of the Manchurian farmer and immigrant are comparatively few, that he produces most of what he consumes, especially of food, it is apparent that the effect on consumption of imports may readily be exaggerated. But in certain commodities, such as cotton wearing apparel, the increase in population has had a very noticeable effect on imports. Cotton piece goods and yarn are by far the largest items of imports in Manchuria today, i.e., over 25 per cent of the total imports in 1927. Iron and steel, machines and machinery combined were less than 8 per cent of the total in the same year. Sixty-seven million Haikwan taels in imports of cotton goods is a considerable trade, and the prospect of its increase, with the growth in Manchuria's population and the purchasing power of the Manchurian farmers is of interest to Japan particularly, for the Japanese supply more than 60 per cent of the import of the piece goods, the most important commodity in the trade. Twenty years ago the Japanese cotton mill owners recognized the importance of the Manchurian market for piece goods and acted accordingly. The Japanese have been most successful in recent years in taking account of the character of the market for grey and blue nankeen cloth which is so generally used by the Manchurian farmers, regardless of sex, and, one might add, regardless of season, for in winter padded cotton garments must be used by the poorer classes instead of the dearer wool. Although the average Chinese peasant is a shrewd buyer of cotton cloth for his own back, he is not unmindful of the fact that it may be more profitable to buy cheaper goods for the time being, especially when his capital is particularly low, than the dearer which might, to be sure, last him longer. Chinese must wear clothes—and the demand for piece goods in Manchuria is likely to increase proportionately with the population, and even more rapidly as the standard of living rises—unless styles should change (which is extremely unlikely for the Chinese farmer!).

To attempt to characterize the effect of immigration upon the consumption of kerosene oil and tobacco would lead into a morass—but the effect is discernible. Immigration has had almost no effect on the importation of power machinery for agricultural purposes, and only a slight effect on the importation of farm machinery such as ploughs from Germany and the United States. The use of foreign agricultural machinery of any sort in Manchuria is quite insignificant. How much this may change in future years is problematical.

In passing from the effect of colonization on production and foreign trade in Manchuria it may be interesting merely to call attention to the fact that the annual immigration and emigration of Shantung and Chihli laborers and settlers serves to contribute considerable sums in the form of passenger fares to the South Manchuria and Chinese Eastern railways especially. Moreover, every new settler in Manchuria is a potential shipper of some of his produce over the railways.

In conclusion, it would be interesting to comment upon the political effects of this considerable migration of Chinese into Manchuria and then to make certain statements as to the possible future of the immigration and colonization movement. The political effects can hardly be germane to this study, however, which has been rather in the field of economics, while the possible future flow of this immigrant stream may be inferred from the causes and characteristics which have already been described.

XII

THE MANCHURIAN QUESTION

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PREFACE

The following pages are a short account of developments in Manchuria in the last three decades prepared for the information of the members of the Institute of Pacific Relations. The general reader is perhaps justified in expecting something about the prospect and possibilities of a solution.

So far as the Russian phase is concerned, no difficulty ought to baffle practical statesmanship. In her present condition Russia can do no more than deal with China on terms of equality. As long as she has admitted the commercial character of the Chinese Eastern Railway and part Chinese control over it, she cannot refuse to limit the power of the Manager of the Railway or cling longer to privileges to which she is not entitled. It would seem that China can safely forget her injuries and take up matters with Russia in a magnanimous way.

As for the Japanese phase, a similar Chinese attitude is not sufficient. If a solution is to be found at all, either China will have to become able to assert herself, or Japan will have to modify her policy voluntarily, assuming the world situation to remain constant.

Manchuria is more than a mere Chinese possession. It is the home of 27,000,000 Chinese who have their political destiny to work out and economic life to develop just like all other peoples. In addition it is a historic base of operation against the Chinese nation when fallen into the hands of an alien race, and the only outlet for the surplus population of the intra-mural northern provinces of China until the Chinese masses can be brought up to the level where they will know how to adjust their number to material circumstances without the aid of famine, diseases and fratricidal war. China cannot afford to share the control of Manchuria with any nation.

It is sometimes said that Japan's aim in Manchuria is economic. The Chinese people do not forget that, existing in the present days, no nation can live unto itself. But they fail to understand why Japan needs to occupy Port Arthur and Talienwan beyond the original term of the lease, or to operate the South Manchurian and Antung-Mukden Railways after the expiration of the respective original grants, or to pursue such policies in Manchuria as the insistence upon rights adversely acquired by means of the Twenty-one Demands, the extension of police control over Japanese subjects in the country, and the interference in internal political development. They are equally at a loss as to why, before the redemption of the railways by China, Japan has to maintain military guards along them, prohibit hostilities across the so-called railway zone in the suppression of revolt, reserve Manchuria against military operation in Chinese civil war, acquire control over existing Chinese lines, restrict Chinese freedom in railway development, project Japanese-financed lines against Chinese wishes, exercise municipal functions in important centres along the railways, exploit mines and industries beyond the need of the Railway Company and adopt a freight tariff favoring the port of Dairen and goods in which Japan is interested.

The gulf that separates China and Japan is wide. The task to bridge it is therefore Herculean. But let us not be discouraged. The Chinese people will not neglect to put China on her feet. They would also appeal to their liberal-minded Japanese friends to do their part by bringing about a change of heart in Japan.

From the standpoint of the Chinese the Manchurian Question has two phases —the Russian and the Japanese.

In both phases the question has its inception in the Sino-Japanese War, takes shape in the Russo-Japanese War, and assumes the present proportion in the aggressive policy consistently pursued by Japan and Russia in the following years: up to the Washington Conference in the case of Japan, and to the Russian Revolution in the case of Russia. The Russian phase has since been solved to some extent. The Japanese phase, on the other hand, has suddenly become acute after lying dormant for a period of some five years.

I. THE GENESIS

The Sino-Japanese War was fought on the question of Korea. But in the treaty of Shimonoseki which restored peace China was compelled to accept a number of conditions which have been curses to her ever since. Among these conditions was the cession of the Liaotung peninsula south of a line roughly speaking from the mouth of the Liao river to the mouth of the Yalu.

The Liaotung peninsula with the first class naval harbor of Port Arthur was such a strategic place that with its occupation Japan would be placed in a position to dominate North China including Manchuria and render the independence of Korea, recognized by China in the peace treaty, illusory. Such an ambitious step did not fail to rouse the attention of Russia, the power that was a neighbor to both Manchuria and Korea and happened to be no less interested in the fate of Korea than Japan. The upshot was the joint intervention of Russia, France and Germany promoted by the first mentioned for the retrocession of the Liaotung peninsula for the consideration of 30,000,000 taels paid by China to Japan in addition to the heavy war indemnity of 200,000,000 taels already exacted from her.

In taking to intervention Russia acted but instinctively; and in so far as such a move on her part had the salutary effect of checking Japanese ambitions on the mainland, to the interest of her own Far Eastern possessions and of her neighbor's, she acted, one may say, in a statesmanlike manner. Unfortunately, this happy incident proved to be of short duration very much like the sane spell of an intoxicated person. It may be recalled that the present Amursk and Primorsk were but respective parts of Heilungkiang and Kirin before 1860. If Russia settled down as a decent neighbor in the following decades, it was because China had recovered from the Taiping Rebellion. It is, therefore, too much to expect that Russia would act otherwise than she did when she became aware of the change of circumstances.

The first Russian move back to her former position was the projection of the Trans-Siberia Railway across North Manchuria. It was broached to the Chinese government as a measure to facilitate Russian defence of Primorsk as well as Sino-Russian military cooperation in case Japan staged a come back. Being deeply obliged to Russia for her intervention China could not turn a deaf ear to her; but in meeting her neighbor's wish she did not fail on the one hand to render the measure as harmless to her sovereign rights as possible and on the other to convert the Russian profession of mutual dependence into an act of cooperation. After taking precautions to insure that the basis was acceptable to the highest Russian authorities, which act involved a special embassy to Moscow, China signed a treaty in the month of April, 1896, to give effect to the Russian wishes.

According to the treaty the two powers pledged for a period of fifteen years to support each other in any aggression directed against either of them or Korea by Japan, and to conclude no peace with the adversary without the consent one of another. China, on her part, further engaged to open her ports to Russia during military operations, to give her consent for the construction of a railway across Manchuria, and to grant the free use of the railway for the transportation and provisioning of Russian troops in both peace and war. The question of the railway was dealt with in a contract signed by China with the Russo-Chinese, later Russo-Asiatic, Bank on September 8, 1896.

By the contract China became a shareholder in the Bank to the extent of 5,000,000 taels, and entrusted to it the construction and operation of a railway establishing direct communication between the city of Chita and the Russian South Ussuri Railway. To carry out the trust it was to establish a company under the name of the Chinese Eastern Railway Company with its seal given by the Chinese government, with its statutes made in conformity with the Russian usages in regard to railways, and with its President named by the Chinese government but paid by the Company. Shares of the Company were to be acquired only by Chinese or Russian subjects. The President was to see to the scrupulous fulfilment of the obligations of the Bank and of the Company towards China; to be responsible for their relations with the Chinese government and the central and local authorities; and to examine all accounts of the Chinese government with the Bank. The Company was to have the complete and exclusive right to operate the line for a term of eighty years, at the end of which the line, with all its appurtenances, was to pass free of charge to the Chinese government. The latter, however, was to have the right to repurchase the line at the expiration of thirty-six years. It was also to receive as consideration, when the line should be completed, a sum equivalent to the shares it held in the Bank. The repurchase was to be made on condition of repayment in full of all the capital involved, as well as all the debts contracted for the line, plus accrued interest. Deduction was to be made from the price of repurchase equal to the profit realized above the dividends allowed to the shareholders. According to a note addressed to the Chinese government by the President of the Bank on September 2, 1896, six days before the signing of the contract, in explanation of the provision concerning repayment of capital, debts and interest, the annually published reports of the accounts of the Company were to be taken as the basis.

Concerning the jurisdiction over the railway, its personnel and the land it traversed, as well as the use of land by the Company, on account of controversies relating to them in later years, perhaps it is advisable to have the relevant text[1] reproduced here:

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[1] As translated from the Chinese version.

ARTICLE V: The said railway and its employees the Chinese government will take measures to protect. As to the personnel, Chinese and foreign, necessary for the operation of the railway, the said company is permitted to employ at will. All criminal cases, lawsuits, etc., upon the lands of the railway shall be administered by the local authorities in accordance with treaties.

ART. VI: The land actually needed by the said company for the construction, operation, and protection of the railway as also the land in the vicinity of the line necessary for procuring sand, stone, lime, etc., if this land is state property, will be turned over by the Chinese government free of charge; and if it is private property, will be either paid for at one time or rented from the proprietors annually, both at current price. The said company shall itself provide funds for such purposes. The land belonging to the said company will all be exempt from land tax and will be managed exclusively by the said company which will be permitted to construct thereon buildings and works of various kinds as well as to set up telegraphs, under its own operation, for the exclusive use of the railway. Except in regard to mines for which arrangement will be separately made, the income of the said company, such as the charges for transportation of passengers and merchandise and the receipts from telegrams, will all be exempt from tax or duty.

As to Russian troops and war materials "despatched in transit over the railway from Russia" it was provided that the Company was to carry them through directly "beyond the border" without any pretext for stopping on the way longer than necessary.

As revealed by the terms of the railway contract and alliance treaty the Chinese government of the day must be adjudged successful, for they not only liquidated China's obligations, but also secured fresh pledges of mutual support. Statesmanship, however, proved to be of no better avail in dealing with a power drunk with ambition than practical sense with an intoxicated person.

It was in the fall of 1897 that Germany resorted to the novel method of getting compensation for her part in the intervention by the seizure of Kiaochow Bay under the pretext of securing reparation for the murder of two Catholic missionaries by bandits. Only a year and a half had elapsed since Russia signed the alliance treaty with China. She was naturally expected to render her good offices to get China out of the difficulty or even merely to remain neutral. Instead she joined in the scramble for territory and concessions precipitated by the German act, and intensified the gravity of the situation by occupying Port Arthur and Talienwan with a request for an extension of the Chinese Eastern Railway from Harbin to connect them. This later claim was made on the ground of making sure of the use of the ports now that Kiaochou Bay had passed to Germany.

If China was constrained by Russian favor in the last occasion, she was limited by a practical situation in the present. Accepting the ground advanced by Russia at its face value she therefore granted practically what was asked of her.

In a convention signed on March 26, 1898, China agreed "to place at the disposal of the Russian government, on lease, the Ports Arthur and Talienwan, together with the water areas contiguous to these ports", for a term of twenty-five years, which might be prolonged subsequently by mutual consent. The purpose of the arrangement was declared to be "to insure that Russian naval forces shall possess an entirely secure base on the littoral of northern China", and it was asserted that the act "in no way violates the sovereign rights of His Majesty the Emperor of China" to the territory affected. In line with these declarations, Russia engaged not to invest the authority in charge of the lease with the title of governor or governor-general, and to share with China Port Arthur, an exclusively naval port, as well as the parts set aside in Talienwan for naval use. For the defence of the leased territory the convention further established a "neutral zone" north of the area leased.

The details of the grant were embodied in the additional agreement of May 7, 1898. According to this the leased territory was extended to the north of Pitsuwo, and the neutral zone to the south of Kaiping. China was not willing to include Kinchou in the lease as it was the seat of one of the deputy military governors of Fengtien. As a compromise, the administration of police of that city was retained for China, Russia reserving however the right to send troops there in case of disturbance. China also objected to the provision in the convention of March 27th of a second branch railway "to another more convenient point on the littoral of the Liaotung peninsula between the town of In-tzu (Yingkou) and the estuary of the River Yalu". By common consent this grant was declared cancelled in exchange for the provision that railway privileges in districts traversed by the line to Port Arthur and Talienwan should not be given to the subjects of other powers, though "as regards the railway which China shall herself build hereafter from Shanhaikuan in extension to a point as near as possible to this branch line," Russia agreed that she had no connection whatsoever. On the other hand, Russia obtained from China the engagement not to grant any concession in the "neutral zone" or open any port on its coasts.

The question of the railway extension was dealt with by a supplementary contract with the Chinese Eastern Railway signed on July 6, 1898, in compliance with the terms of the previous contract. The extension was named the South Manchurian Branch. In order to facilitate the bringing in of materials and provisions needed in the construction of the line, the Company was permitted by the agreement to build temporary branch lines from that line to Yingkou and to ports in the "neutral zone". These lines were to be removed at the request of the Chinese government after the completion of the work, i.e., "within eight years from the date of the survey and determination of the line and the appropriation of the land for its construction".

With the foregoing moves Russia had come to acquire easy access to the Pacific Ocean through two ports, one on the Japan Sea and the other on the Yellow Sea, as well as practically a monopoly of Manchurian transportation. She could have stopped at that. By this time, however, her ambition had come to acquire such a momentum that self-restraint was evidently impossible. During the Boxer uprising her opportunity came for another move. As soon as trouble started in China she marched 150,000 troops across the border into Kirin and Heilungkiang in spite of the fact that there was no disturbance in these northern provinces. Later, when troops could be spared, she also effected the occupation of Fengtien from Port Arthur after disturbance there had disappeared with the capture of Peking by the Allies.

Through the correct attitude of the Chinese government outside the reactionary circle in Peking and of the majority of the Powers the Boxer trouble was localized and viewed in its true proportion. Under such circumstances it was difficult for Russia to carry out what must have been her intention—the annexation of Manchuria. Accordingly, she sought to acquire additional privileges in Manchuria in its stead, including the purchasing of the Chinese line then being built from Shanhaikuan to Mukden, as well as exclusive rights of economic exploitation in regions coterminous with Russia along the northern and western Chinese frontiers.

China was in no better position to resist Russian demands than in 1898, but the international situation had changed considerably since that date. While Russia was bent upon further despoiling China, most of the Powers stood for the maintenance of the *status quo*. In consequence she had first to narrow the scope of her demands to Manchuria and eventually to agree to evacuation with practically no conditions.

According to the convention signed on April 8, 1902, to give effect to this, Russia was to evacuate Manchuria in three periods of six months each—first, the southwestern portion of Fengtien up to the Liao; then, the remainder of that province and the whole of Kirin; and finally, the province of Heilungkiang. She was also to restore the extra-mural section of the Peking-Mukden Railway as the territory it traversed was evacuated. China engaged, on the other hand, in addition to other things, to negotiate with Russia, "should in the course of time extension of the line in South Manchuria or construction of branch lines in connection with it, or the erection of a bridge in Newchwang, or the moving of the terminus there, be undertaken."

Russia was, however, too much absorbed by her ambition to know how to escape from the defeat and humiliation that were awaiting her. She suddenly revived her conditions when the second stage of evacuation became due instead of fulfilling her pledges, and insisted upon them in some modified form in the following months in spite of her having sensed dangers.

It is difficult to conjecture what Japan would have done after she was chastised for overstepping herself in the annexation of the Liaotung peninsula, if Russia had remained loyal to her pledges. After what had taken place the development could take only one direction. When Russia occupied Port Arthur and Talienwan Japan conveniently obtained from her by a convention of April 25, 1898, an engagement not to obstruct the development of the commercial and industrial relations between Japan and Korea. Later, when Russia disclosed her hand after occupying Manchuria, Japan hastened to enter into an alliance with Great Britain. According to the agreement of January 30, 1902, "having in view . . . their special interests, of which those of Great Britain relate principally to China, while Japan, in addition to the interests which she possesses in China, is interested in a peculiar degree politically as well as commercially and industrially in Korea," the contracting parties "recognize that it will be admissible for either of them to take such measures as may be indispensable in order to safeguard those interests if threatened either by the aggressive action of any other powers, or by disturbances arising in China or Korea, and necessitating the intervention of either . . . for the protection of the lives and property of its subjects." "If either, in doing so, should become involved in war with another power, the other . . . will maintain a strict neutrality, and use its efforts to prevent other powers from joining in hostilities against the ally" and, should another power or powers join in hostilities against the ally, "come to its assistance, conduct the war in common, and make peace in mutual agreement". Now that Russia showed herself to be unwilling to or incapable of living up to pledges, Japan did not fail to invite her to enter into an "examination of the condition of affairs in the Extreme East where their interests meet with a view to a definition of their respective interests in those regions".

The result of the "examination" which lasted from August, 1903, to February of the following year was the Russo-Japanese War. As Russia had violated the spirit of the Sino-Russian Alliance, China declared her neutrality. Referring to Manchuria which by the force of circumstances was about to serve as the field of military operations she said:

> At such places in Manchuria as are not yet evacuated by the Powers (because of conditions growing out of the Boxer uprising) it would be difficult, as China's power cannot at present reach these places, to enforce the law of neutrality. Nevertheless, the sovereign rights and territory of the Eastern Three Provinces should still be restored to China, no matter which belligerent shall be victorious, and are not subject to the right of conquest.

The Russo-Japanese War was concluded by the Portsmouth treaty of September 5, 1905. By this treaty Russia agreed to let Japan have a free hand in Korea; ceded to Japan the southern part of the island of Sakhalin; obligated herself to grant to Japanese subjects certain fishing rights along the coast of the Russian Far East; and transferred and assigned to Japan, with the consent of China, the lease of Port Arthur and Talienwan and the railway south of Changchun. In addition the treaty contained the following provisions:

> ARTICLE III.—Japan and Russia mutually engage:
>
> 1. To evacuate completely and simultaneously Manchuria except the territory affected by the lease of the Liaotung Peninsula, in conformity with the provisions of additional Article I annexed to this Treaty; and
>
> 2. To restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops, with the exception of the territory above mentioned.
>
> The Imperial Government of Russia declares that they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity.
>
> ART. IV.—Japan and Russia reciprocally engage not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria.

The additional Article I annexed to the treaty referred to in Article III related to the evacuation of Manchuria, which the two powers agreed to complete within eighteen months. It, however, contained the following provision:

> The High Contracting Parties reserve to themselves the right to maintain guards to protect their respective railway lines in Manchuria. The number of such guards shall

not exceed fifteen per kilometre and within that maximum number, the Commanders of the Japanese and Russian Armies shall, by common accord, fix the number of such guards to be employed, as small as possible having in view the actual requirements.

Following the Portsmouth treaty Japan approached China for her consent to the transfers made by Russia as well as for additional concessions, of which the most important was for a railway connecting Mukden with Korea at Antung over a temporary line laid during the war. China, having been unable to prevent the armed intervention, could not now refuse to let Japan reap the fruits of her labor. What she would like to have seen was the speedy withdrawal of the warring parties and the dawn of a day of peace in Manchuria. Accordingly, while raising strong objections to the reservation relating to railway guards made in Additional Article III of the treaty, she readily gave her consent to the transfers and granted the principal requests for additional concessions.

According to the treaty of Peking and additional agreement signed on December 22, 1905, China's consent to the transfers was made on the following condition:

> ART. II.—The Government of Japan engages to earnestly observe the original agreements entered into between China and Russia respecting the lease and the construction of the railway, and to promply consult and determine with the Government of China as matters come up in the future.

The concession for the Antung-Mukden Railway was made in Additional Article VI. The term for the concession was fifteen years, which, by counting from the end of three years allowed for the work of improvement and for delay due to service in transporting evacuated troops, was to end on "the forty-ninth year of Kuanghsu", i.e., 1923–24. At the expiration of the term the railway was to be sold to China at a price to be determined through the appraisement of all its property by an expert of a third nationality to be mutually chosen. Prior to such sale the transportation of Chinese troops and munitions of war was to be governed by rules laid down with the Chinese Eastern Railway. Regarding the manner in which the improvements of the railway were to be effected, the person undertaking the work for Japan was to consult with the officer especially appointed by China for the purpose. As to the affairs of the railway, "the government of China will appoint an officer to inspect and manage as is provided in the Chinese Eastern Railway contract".

Concerning China's objection to railway guards Japan only made a promise in Additional Article II that she would take similar steps with Russia "in the event of Russia's agreeing to the withdrawal of her railway guards, or in case other proper measures are agreed to between China and Russia", and that at any rate she would withdraw her railway guards "simultaneously with Russia," "when tranquility is restored in Manchuria and China is (thus) able to give full protection to the life and property of foreigners".

II. CHINA ATTEMPTS SOLUTION

It was not for the first time in the history of China that Manchuria formed a national problem. Any casual survey of the past reveals the fact that probably no other region, not even Mongolia, has so much affected the destiny of the Chinese nation. From Manchuria came the Mujungs of the fourth century, the Chitans of the tenth, the Nuchens of the twelfth and the Manchus of the seventeenth. In the case of the Chitans the unification of China under the Sung dynasty was rendered incomplete. In the case of the Mujungs and Nuchens North China was actually conquered, while in that of the Manchus even a dynasty over the entire country was established.

That history has so developed is perhaps no surprise. There is no other region in the Far East so well adapted for the conquest of the great Chinese plain, for it alone combines material wealth with natural protection against external attack and propinquity to the object of acquisition. The region coming nearest to it in this respect is the province of Shensi which had served in the past as the cradle of great dynasties such as the Chou, the Tsin, the Han and the Tang. But in view of the vast hinterland of Manchuria and the difficult approach to it, Shensi is much inferior and in fact has been superseded for this reason ever since China ceased to be essentially a Yellow river state.

If such a strategic position had been populated by the Chinese from the beginning, like Shensi, the problem would never have arisen. Unfortunately, until comparatively recent times the extra-Palisade country was in the hands of the Peiti nomads and Tungyi tribesmen who divided the flat country and the valleys of the Sungari and Amur between themselves. As may be expected, these northern barbarians lived in peace with the Chinese only when China was able to hold them in check. They were in the habit, first, of descending upon South Manchuria, and next, of attempting the conquest of North China whenever Chinese power over them was weakened by civil war at home. The Mujungs, the Chitans, the Nuchens and the Manchus were the few who were comparatively successful in this natural process of development.

As early as the fourth century before Christ, South Manchuria was colonized by the Chinese. But before another forward step could be taken in this region Chinese expansion, which had hitherto been radiating, had come to assume a purely southward direction on account of nomadic pressure from the north. In consequence it was not until the sixteenth century when South China itself sent out emigrants that the population movement in China began to turn towards the northeast again.

The Manchu dynasty was established in China after the new start was made. If they had had the interest of the country in mind, they could have utilized that natural tendency to remove the source of a serious national problem once for all. Unfortunately, the Manchus were short-sighted. In order to keep Manchuria as a base for emergency they started instead to exclude Chinese from the extra-Palisade country where they had just begun to penetrate, and to deprive them of administrative powers in the intra-Palisade country where they had settled for centuries. And this was done after their experience with the Russians in the seventeenth century and much effort had been spent in the way of establishing military colonies at strategic points along the Amur and the Sungari to provide against future emergencies!

A natural tendency like the one the Manchus sought to check can be hindered but not destroyed. The Chinese colonists first turned from extra-Palisade Manchuria into extra-Palisade Mongolia and then from extra-Palisade Mongolia back into extra-Palisade Manchuria. It was in 1776 that the exclusion policy was adopted, but by 1870 western Kirin and the Mongolian territory bordering on Fengtien and Kirin were all colonized.

The short-sighted policy of the Manchus, however, did not fail to reap its fruit. During the Taiping Rebellion the Russians returned to Manchuria and found the country as empty as they left it a century and a half before. In consequence they occupied all the country beyond the Amur and the Ussuri.

After the Taiping Rebellion a number of constructive policies were adopted by the Chinese government. So far as these affected the nations as a whole, they were largely determined by the capable Chinese statesmen whom the Rebellion brought to the front. So far as they affected Manchuria alone, they were jealously reserved by the Manchus for themselves. As may be expected, nothing fundamental was done to meet the situation in those provinces. Although they were no more unable to maintain the exclusion policy for Kirin, they still maintained it for Heilungkiang. As to Chinese administrative control, the same policy as that handed down since the eighteenth century was strictly adhered to.

Then came the difficult days following the Sino-Japanese War which we have reviewed above. Unless the Manchu dynasty was prepared to let Manchuria go, there was evidently only one course open—the reversal of the old discredited policies and the assimilation of Manchuria to the rest of China. In consequence there appeared the memorable edict of April 20, 1907. The edict ordered the reconstruction of the Manchurian provinces, of which "the government was perfunctory and the people were suffering", to the end that "abuses might be eliminated and responsibility become determinable". It then reorganized the administration along the line of the intra-mural provinces. Finally, it appointed a set of capable Chinese governors to replace the ignorant Manchu Bannermen hitherto in control.

The new administration lost no time in carrying out its mission. It set out immediately to make plans for the development of the province of Heilungkiang which until the reorganization had been officially closed to colonization, as well as Kirin, which was removed from the course followed by the immigrants, and the Cherim country, which was newly added to Manchuria.

It was evident that in order to meet the urgent need of the time recourse must be had to the assistance of railways. But then the existing lines not only were not in the control of China, but were also, so far as the regions to be developed were concerned, of no avail. If the plans were to be carried out, it was necessary for China to go into railway construction.

In the year 1907 the Peking-Mukden Railway was just completed. According to the plans of the new administration it was to be used as the base line from which two extensions were to be constructed. One of these was to start from Hsinmin, an old landing stage on the Liao, and follow the highway which had developed from that place since the opening of Yingkou to as far as Chengchiatun, thence to Aigun on the Amur by way of Taonan, the centre of the Cherim prairie, and Tsitsihar, the capital of Heilungkiang. The other line was to run from Mukden to Hailung and thence to Yenchi on the Tumen along an abandoned postal road. Starting with one of the plans a contract was signed with a British firm for the section between Hsinmin and Fakumen, which consisted of the first leg to Chengchiatun.

Railway development by China in Manchuria was destined to have a chequered career from the very beginning. No sooner was a survey being made on the projected section than Japan protested on the alleged ground that China had declared at the Peking Conference of 1905 that for the protection of the interests of the South Manchurian Railway she would not construct any trunk or branch lines parallel to it before the repurchase of that railway. Apart from the question of the correctness of the allegation, no breach of faith was intended by China. In a memorandum communicated in reply she stated that as the extension of the railway from Hsinmin was designed for the benefit of the existing line she had no desire to invite competition through paralleling the South Manchurian Railway, and that when the plan was being carried out, she would undoubtedly follow precedents of similar cases in Europe and America to the end that neither party would suffer through it. Japan not being satisfied, China again replied, this time dwelling extensively upon the charge. Addressed to the Japanese minister in Peking the note says in part:

> Your Excellency refers to the minutes of the Sino-Japanese Conference and declares that the Chinese government has disregarded her engagement and taken action prejudicial to the interest of the South Manchurian Railway. Probably your Excellency is not aware of the fact that at the time the plenipotentiaries of China maintained that the word "parallel" was too comprehensive and that it was necessary to give distance in miles, stating definitely that within so many miles no parallel line could be constructed. The Japanese plenipotentiaries, however, thought that if the number of miles were fixed, it might create the impression in other countries that there was an intention to restrict Chinese railway enterprise. The Chinese plenipotentiaries then asked that the number of miles between the parallel lines be fixed in accordance with the practice of Europe and America. The Japanese plenipotentiaries said the practice was not uniform and that no statement was necessary. And they added a declaration that Japan would do nothing to prevent China from any steps she might take in the future for the development of Manchuria. The declaration was made in all sincerity and with consideration for the interests of a friendly nation. This is what we both ought to observe.

The note further pointed out that, quite contrary to Japanese apprehension, the line, when opened, would tend to increase the traffic of the South Manchurian Railway, since commerce served by such a line would naturally take the route to Dairen, as Tientsin and Yingkou were ice-bound ports. Neither was Japan satisfied with the second reply.

China was anxious to have the plans carried out. Besides, she was sincerely not desirous of competition. As it was but a matter of a few decades before she could repurchase the South Manchurian Railway according to the contract, anything inimical to the Japanese line would eventually react in her own disfavor, not to mention the immediate harmful effect upon the projected line, which she was not in any position to stand.

In the meantime two new factors entered to influence the Chinese decision. As it stood the surplus product of Manchuria found its outlet mainly through two ports, Yingkou and Dairen. Unfortunately, while Yingkou was ice-bound about 100 days in the year, Dairen was some 150 miles further removed from the heart of the country by rail. It was evident that if Manchurian development was to be seriously promoted, another port which was as centrally located as Yingkou and just as free from ice as Dairen must be searched for. About the time under discussion the labor of China was rewarded in the discovery of such a port at Hulutao, a little south of Chinchou, connected since with the Peking-Mukden Railway by a branch line of 7½ miles.

The other factor concerned a possible alternative route. While measures were being adopted in Mukden for the Cherim country, steps were also being taken in Peking to see if something could be done for the lands of the Chao Uda and Chosot'u Leagues. As the work proceeded, it became more and more evident that inasmuch as these three eastern Mongol leagues could not be separated geographically, they could best be developed together. This view crystallized out when a commission appointed by the Manchurian administration for the study of the Cherim country made its report; also about the time the question of the Hsinmin-Fakumen extension became a deadlock.

Under these circumstances China insisted no more upon her right in the case with Japan and proceeded to project the extension on a new basis. According to the plan the line was to start from Chinchou and travel northward to Taonan and beyond by way of Suitung on the border of the now Jehol province with a possible branch extending into the heart of Jehol by way of Chaoyang.

Under the new administration no subsidy from Peking was necessary in spite of an increase in activities, but as in every other province in China local revenues were never too adequate for large constructive measures like the one under discussion. As to the central government conditions were no better. To be convinced, one needs just to remember that the only source of revenue in the country that could by adjustment be made to bear measures of the kind contemplated was the Maritime Customs; but that this one source was not only restricted by treaty to a basis of five per cent *ad valorem,* but was further burdened with an indemnity to the Powers, on account of the Boxer uprising, calculated to absorb everything the customs might yield for yet another thirty-three years above the service for loans previously contracted to pay Japan for being able to defeat China in war. Under the circumstances then existing, the only way to carry out the Manchurian development plans was to appeal to some friendly power for assistance.

Of the powers the United States was the party to whom China readily turned. Ever since the effects of the Sino-Japanese War began to tell heavily upon China that power had shown itself not only friendly but actually helpful. In 1899 she was the one who committed the Powers to the reaffirmation of the principle of equality of opportunity. During the Boxer uprising she was the most emphatic in asserting the policy to preserve the territorial and administrative integrity of China. In the following years she consistently observed her voluntary pledge, besides rendering China a friendly hand wherever necessary. She attempted to relieve China of the half of the indemnity on account of the Boxer trouble, which the Powers could spare. She helped to localize the Russo-Japanese conflict and eventually lent her good offices to shorten the struggle on a basis which, if faithfully carried out by the parties, would have ended the problem we are discussing from the very beginning.

At about the time the plans for the development of Manchuria were being devised, it transpired that through the aggressive intent, especially of Japan, what promised to be the realization of the policies enunciated in 1899 and 1900 threatened to turn out to be but the beginning of a new development of the same evils for the remedy of which those policies were originally adopted. To be faithful to the cause she had espoused the United States came out squarely on the question. In an informal way her spokesman reiterated her policies and declared that "the American-China trade is sufficiently great to require the government of the United States to take every legitimate measure to protect it against diminution or injury by the political preference of any of its competitors"; and that "the United States . . . will encourage this great Chinese Empire to take long steps in administrative and governmental reforms, and in the development of her natural resources and the improvement of the welfare of her people" so that "she will add great strength to her position as a self-respecting government, may resist all possible foreign aggression seeking undue, exclusive and proprietary privileges in her territory, and without foreign aid can enforce an open door policy of equal opportunity to all". Following this she relinquished the unspent portion of the Boxer indemnity.

With such a friendly attitude the United States was more than ready to meet the Chinese approach. In the autumn of 1908 therefore she approved two loans and introduced China to the American bankers. One of these loans was specifically for Manchurian railway development, and the other for industrial development, currency reform and other needs of the whole of China, including Manchuria.

III. CHINA'S EFFORTS FRUSTRATED

China's proposed plans for development were undoubtedly justifiable and pacific. A line running eastward from Mukden to the Tumen competes with no railway, Japanese or Russian; nor does the line running northward from Chinchou to the Amur. They ought not to have roused fear on the part of anybody.

Russia and Japan could have rested satisfied with what they had secured. Russia might as well have congratulated herself for being allowed to remain in North Manchuria with the Chinese Eastern Railway and a third of the South Manchurian extension, in view of the way she had acted towards China. As to Japan, she too should have felt no grudge against anybody. It was through no merit of hers, beyond the sending of a number of youths to the continent to slaughter others and be slaughtered themselves, that she had come to inherit the lease of Port Arthur and Talienwan and the concession of the South Manchuria Railway as well as to secure the additional concession of the Antung-Mukden Railway, let alone acquisition outside of Manchuria such as the paramountcy over a neighboring kingdom and the cession of one half of the island of Sakhalin.

Yet in spite of these considerations the episode which the treaties of Portsmouth and Peking had closed was now to be repeated with perhaps no other variation than that it was Japan rather than Russia which was to play the chief part and that the enactment was to appear the more grotesque under new light.

One of the first moves along the old line, made in this case by Japan alone, was the attempt to tie a financial string to every railway enterprise east of the Liao that had not fallen into her hands. In the Peking Conference of 1905 Japan agreed to sell the light line she had laid between Mukden and Hsinmin in order that the Peking-Mukden Railway could be completed. In return China promised to borrow from Japan one-half of the necessary capital for the section east of the Liao on terms similar to those of the loan agreement for the Peking-Mukden Railway, as well as to borrow from Japan for the Kirin-Changchun Railway, which China was about to build, on the same terms in case foreign capital was necessary. In 1907, when China approached Japan for the transfer of the Hsinmin-Mukden section, Japan changed her mind and put up the price, this to consist of the actual borrowing of one-half of the capital of the Kirin-Changchun Railway with a promise to borrow from her in case foreign capital for the construction of an extension or a branch was necessary. In order to remove the last obstacle to the completion of the Peking-Mukden Railway China readily accepted the terms and signed a convention embodying them on April 15, 1907.

Another of the first moves, made in this case by both Japan and Russia, was the extension of government over the settlements that had grown up in the meantime along the railways. The question came up first with Russia when the latter tried to organize municipal governments in the larger centres along the Chinese Eastern Railway.

In the controversy that followed Russia based her claims on two grounds. One was that the right of government, as alleged, was granted to the railway by Article VI of the contract. The other was that, since China had acquiesced in the establishment of similar governments in foreign settlements in treaty ports, she could not on the basis of equal treatment deny the privilege to the Russians on the lands of the railway.

The first Russian ground was, of course, not valid, for the lands for which "exclusive management" was granted in Article VI of the contract referred only to that on which the company was permitted "to construct buildings and works of various kinds as well as to set up telegraph, under its own operation, for the exclusive use of the railway." In no sense could the provision be interpreted to apply to large settlements like those that had grown up along the railway. The second ground on the other hand appeared plausible. But as the system was fundamentally not compatible with Chinese sovereign rights, China was to decide herself whether she would permit its extension to the railways. However, the plausibility of the argument eventually inclined her to a compromise. By a preliminary agreement signed on May 10, 1909 she granted to the railway the privilege of organizing the governments on certain conditions.[2]

As provided in the agreement all residents, without differentiation between the Chinese population and that of other nationalities, were to enjoy the same rights and be subjected to the same obligations, including the right to vote with certain qualifications, and the right to be president of the assembly of delegates, the president of the assembly being *ex officio* president of the executive committee. The municipal bodies were to submit all decisions arrived at by the assemblies to the President of the Bureau of Foreign Affairs at Harbin and the General Manager of the Railway for their joint approval, these to have a suspensive veto power, and to refer important questions having reference to the public interest or the finances of the municipalities for the consideration and approval of the Chinese President of the Company conjointly with the head office of the railway administration. In case the President of the Bureau of Foreign Affairs and the General Manager of the Railway disagreed on decisions submitted for their joint approval, the Chinese and foreign residents were each to choose one representative and the two officials jointly another, with no distinction of nationality, to form a committee of five with the two officials to settle the difficulty on the basis of common agreement. In addition, the Chinese chamber of commerce at Harbin was to have the right to nominate three members, and each of those at Hailar and Manchuli to nominate two to the executive committee of the respective towns to participate in its affairs upon the same footing with the other members of the committee. As to detailed regulations in regard to the municipalities and police, as well as the scale of taxation, they were to be determined on the basis of the general arrangement.

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[2] The agreement, however, was never faithfully carried out by Russia.

With the settlement of the case with Russia there was little necessity for China to raise the question with Japan. On the other hand it seems that the latter also avoided giving an occasion to China by entrusting police administration to the Kwangtung Government and the other phases of municipal government to the railway administration instead of organizing any formal municipal bodies. Thus the matter stands.

Of the two powers Japan was however not ready to stop at moves on which compromise could be found, even nominally. While the foregoing questions were under discussion Japan had made several other moves which, as will be seen, eventually exposed her motives to the world. One of these was the seizure of the privately owned Chinese coal mines in the Fushun and Yentai fields. Another was the despatch of troops across the Tumen river. Still another was the extension of the system of the South Manchurian Railway to the Antung-Mukden Railway in the matters of police and military control.

China was prepared to meet Japan half way in these cases as in the previous cases. The despatch of troops across the Tumen was made upon two alleged grounds, one being that the status of the left bank of the Tumen, which Japan christened "Chientao," was not determined, and the other being that the Korean settlers there were subject to attacks from bandits and therefore needed her protection. It soon became clear that neither of the grounds had a good basis. Yet China went so far as to offer the opening of some ports in the region in question in which Japan could station consuls to protect the Koreans to her heart's content. As to the seizure of private property at Fushun and Yentai and the extension of police and military control to the Antung-Mukden Railway, since there was no basis for even a compromise, however nominal, China strongly refused to give them consideration.

As transpired later these moves were but preliminary steps of a larger scheme for the extension of Japanese control over Manchuria. It was about this time that the "concert" which eventually brought Germany to her knees was taking its inception in the rapprochement between Great Britain on the one part and France and Russia on the other. Being an ally of Great Britain Japan was not slow to take advantage of the situation. She first entered into an agreement with France on June 10, 1907, by which they,

> having a special interest in having order and a specific state of things guaranteed, especially in the regions of the Chinese Empire adjacent to the territories where they have the rights of sovereignty, protection or occupation, engage to support each other for assuring the peace and security in those regions, with a view to maintaining the respective situation and the territorial rights of the two Contracting Parties in the Continent of Asia.

Next she turned to Russia and secured from her two agreements on July 30, 1907, one open and one secret. By the open agreement they pledged to respect each "the actual territorial integrity" of the other, and "all the rights accruing to one and the other party from the treaties, conventions and contracts in force between them and China" from the Portsmouth treaty "as well as from the special conventions concluded between Japan and Russia"; and to sustain and defend the maintenance of the *status quo* . . . by all means within their reach." By the secret agreement they recognized their mutual interests, namely, Japan in Korea and Russia in Mongolia, and furthermore a line of demarcation was drawn across Manchuria dividing it into two mutually exclusive spheres of influence.

Having reached an understanding with Russia and France Japan also attempted to involve the United States. By an exchange of notes on October 30, 1908, known popularly as the Root-Takahira agreement, they pledged besides other matters to maintain the *status quo* in the region of the "Pacific Ocean" and to respect each other's territorial possessions therein.

While the diplomatic blockade was being established by Japan, China also began to weaken from within, for it was in the fall of 1908 that the incompetent Regency which eventually brought an end to the Manchu dynasty was inaugurated. Under these circumstances it required only an occasion for Japan to strike. On August 6, 1909, she resorted to "independent action" in the construction of the Antung-Mukden Railway on the alleged ground of procrastination on the part of local Chinese authorities. The complacent Regency suddenly woke up to the danger and, awe-striken, readily surrendered. On September 4th it accepted two agreements with Japan. In one of these, China engaged, for the withdrawal of Japanese troops, to open Lungchingtsun, Chutzuchia, and Paitsaokau to the residence and trade of Korean subjects, as heretofore, on agricultural lands lying north of the Tumen within certain limits. Concerning these Korean subjects, China was to exercise jurisdiction over them, but Japan was to have the right to be represented at all court proceedings, to receive previous notice before the hearing of important cases, and to apply for new trial in decisions not properly rendered. Furthermore, she was to undertake to extend the Kirin-Changchun Railway to the southern boundary of Yenchi opposite to Hueining, on the Korean side, upon the same terms as the Kirin-Changchun Railway, and upon consultation with Japan as to the date for commencing work.

In the other agreement China recognized unconditionally the right of Japan to work the seized Fuchun and Yentai mines besides making a number of other concessions. As to the extension of police and military protection to the Antung-Mukden Railway, nothing was said. China, evidently, was made to aquiesce in what had been or might yet be done.

Having thus securely entrenched herself in South Manchuria and opened a new line of attack in the eastern part of the country, Japan attempted to nullify all Chinese constructive efforts.

In the meantime a strong sentiment had grown up against Japan abroad with the revelation of her motives in Manchuria, and the United States which had hitherto confined her assisting of China to the lending of good offices, now resorted to what may be described as friendly intervention. A preliminary agreement for the financing, construction and operation of the Chinchou-Aigun Railway having been signed by China with American and British interests on October 2, 1909, the United States submitted the following proposal to Great Britain on November 6th and China, Japan, Russia, Germany and France on December 15th:

> First, perhaps, the most effective way to preserve the undisturbed enjoyment by China of all political rights in Manchuria and to promote the development of those Provinces under a practical application of the policy of the open door and equal commercial opportunity, would be to bring the Manchurian highways, the railroads, under an economic, scientific, and impartial administration by some plan vesting in China the ownership of the railroads through funds furnished for that purpose by the interested powers willing to participate. . . . .
>
> Second, should this suggestion not be found feasible in its entirety, then the desired end would be approximated, if not attained, by Great Britain and the United States diplomatically supporting the Chinchou-Aigun arrangement and inviting the interested powers who were friendly to complete commercial neutralization of Manchuria, to participate in the financing and construction of that line and of such additional lines as future commercial development may demand, and at the same time to supply funds for the purchase by China of such of the existing lines as might be offered for inclusion in this system.

In making the proposal the United States must have anticipated some measure of Japanese opposition. On the other hand, she was evidently under the wrong impression that Great Britain and Russia would be favorable. For this she undoubtedly had certain good grounds, for Russia was actually contemplating the sale of the Chinese Eastern Railway, while Great Britain had an interest in the Chinchou-Aigun scheme. But she failed to realize that Great Britain was an ally of Japan, while Russia in her state of mind at that time could be easily influenced to take one course or another like a stranger standing at the cross roads. As might have been expected, Great Britain stood aside and Japan and Russia came forward hand in hand to oppose the American proposal. In notes dated December 21st, Japan and Russia jointly replied. Both maintained that nothing appeared to have threatened either China's sovereign rights or the Open Door policy in Manchuria and that therefore there was no reason for them to entertain the proposal. Both maintained further that "the substitution of an international in place of a national regime" would not be satisfactory from a financial standpoint, and that therefore the proposal was not worth entertaining. With these general observations the two governments then went on each to give its specific objections. With regard to the main scheme Russia said:

> The development of Manchuria and the exploitation of its natural resources are not the only purposes pursued by the Chinese Eastern Railway. The latter is of a public interest of the first order to Russia. It constitutes the principal line of communication between the Russian possessions in the Far East and the rest of the Empire; it is also the great artery by which these possessions are supplied with Russian merchandise. In this way the line is but an integral part of the great Trans-Siberian Railway, which is used by almost all of western Europe in its relations with the Far East. It is this consideration that decided the Russian Government to guarantee, at very considerable expense, the capital invested in the construction of the Chinese Eastern Railway and to cover the deficit resulting from its operation. It can not, therefore, be a matter of indifference to the Imperial Government whether it is an international organ that administers a line of such importance, or, on the contrary, a Russian stock company which is obliged not to fix the rates and conditions of transportation of merchandise by the Chinese Eastern Railway without the consent of the Russian Government, and which, by the nature of the concession obtained, is closely connected with the interests of the nation.

As to the second scheme, Russia said:

> The Imperial Government considers itself obliged to declare that it regards the project of construction of the Chinchou-Tsitsihar-Aigun Railway as being of capital importance to Russia. Its accomplishment will open up a new route giving access from the south not only to the Chinese Eastern Railway, but directly to Russian possessions at Aigun. This shows adequately the strategic and political importance of the enterprise. Moreover, the construction of this line will essentially modify the conditions under which Eastern Mongolia and the north of Manchuria are served by the Chinese Eastern Railway. Now, the Imperial Government can not realize the consequences of this proposition and decide on the attitude which it ought to assume in regard thereto unless it is informed of the basis on which it reposes. For these reasons the Imperial Government, while being willing in principle to take this question under consideration, hopes that it will be enabled to know the basis of the proposition in due time in order that it may, after a thorough examination, reach a final attitude with regard to the proposition itself as well as to participation therein.

Russia then went further and declared that the same applied in any future project concerning a financial participation in the construction of railways in Manchuria.

Japan, on the other hand, did not seem to be so favored by the condition of things as to be able to put forth arguments of the same force, false as they might be. Against the chief scheme she said:

> The most serious objection to the proposal in question lies in the fact that it contemplates a very important departure from the terms of the treaty of Portsmouth. That treaty was designed to establish in Manchuria a permanent order of things, and the Imperial Government firmly believed that in a strict and loyal adhesion to its provisions are to be found the highest guarantees of enduring peace and repose in this part of the world and of the orderly advancement of Manchuria. Not the least difficult of the many difficult and important problems that were definitely solved at the Portsmouth conference

was the question of railways. That adjustment subsequently received the deliberate confirmation of the Chinese government in the treaty of Peking, and the railway operations now carried on in southern Manchuria are consistent with the original concessions which were with equal deliberation granted by the same power.

When Japan came to the second plan she did not seem to have even an argument to advance, and she contented herself with the following words:

> The observation which I [the foreign minister] have now the honor to present to your Excellency and which I venture to hope may prove as convincing to your Excellency's Government as they are convincing to my own, have reference to the plan in its widest sense, but they are, I should add, no less applicable to the scheme in its more restricted form, since the two plans are in principle the same and differ only in degree.

And these were then qualified by the following:

> In conclusion, I wish to express to your Excellency the sincere appreciation of my Government for the courteous intimation of the United States concerning the projected Chinchou-Aigun line, and to say that in principle the Imperial Government will be prepared to participate in the enterprise with the other powers interested in the question. But as that question is clearly distinguishable from the main subject of your Excellency's note, I will, with your permission, reserve this minor point for separate and independent attention when the necessary details regarding the matter are known.

The United States of course still held out hope for putting through the Chinchou-Aigun scheme which, unlike the neutralization scheme, was less dependent upon the wishes of Japan and Russia. But nothing resulted from the ensuing diplomatic correspondence of half a year. Instead she saw on July 4, 1910, the American Independence Day, the signing of an agreement between Japan and Russia. By this the two powers, in order "to develop the results of the convention of July 17, 1907," agreed:

> (1) To lend each other their friendly cooperation with a view to the improvement of their respective lines of railway in Manchuria, and to the perfecting of the connecting service of the said railways, and to refrain from all competition unfavorable to the attainment of this result;
>
> (2) To maintain and to respect the *status quo* in Manchuria as it results from all the treaties, conventions, or other arrangements hitherto concluded, either between Russia and Japan, or between these two powers and China [which arrangements they had exchanged; and]
>
> (3) In case any event of such a nature as to menace the above-mentioned *status quo* should be brought about, to enter into communication with each other, for the purpose of agreeing upon the measures that they may judge it necessary to take for the maintenance of the said *status quo*.

Since then the world has discovered a secret counterpart affirming mainly the secret arrangement of 1907.

Undiscouraged by the failure of the neutralization scheme the United States still attempted to promote a four-power financial consortium to undertake Chinese loans, in particular the other loan that was approved in 1908.

According to the final agreement signed on April 15, 1911, the part of the loan that was to be devoted to Manchurian industrial development was to be a first charge partly on the duties on tobacco and spirits and production and consumption taxes of Manchuria, and partly on the surtax on salt newly added, all of which, it was declared, were free from other charges. In case these revenues were insufficient, the balance was to be made up first from Manchuria, and then, if necessary, from other sources. The loan was to run for forty-five years with an option on the part of the Chinese government to redeem the outstanding amount from the eleventh year on. If additional funds from foreign sources were needed "to continue or complete the operations contemplated under this agreement" or if foreign capitalists were to be invited to "participate with Chinese interests" in these operations, the signatory banks were to be given the option.

In the agreement there was also a provision requiring the Chinese government to hand to the banks a statement showing the expenditure of the loan. The statements so handed showed the expenditure, so far as Manchurian industrial development was concerned, to be for (a) the promotion of immigration, reclamation, and pastoral enterprise; (b) forestry and other agricultural enterprise in Heilungkiang; (c) gold mining at Moho, Kuangyinshan, and Sansin, and other mining enterprises; and (d) branch mints.

Encouraged by the success in opposing the "neutralization" scheme Japan and Russia were not slow to come forward to see what they could do with this. As the loan was not coupled with some forward proposal, the two powers could not in any way openly oppose it. Accordingly, they changed their tactics and asked for participation; and when this was accepted by the United States, came forward and inquired whether such would place them in a position superior to an ordinary bondholder. In a *note verbale* addressed to France but communicated to the United States for information on July 11th Japan declared:

> Japan possesses in the region of southern Manchuria special rights and interests, and while she is fully prepared in the future as in the past to respect the rights of others, she is unable to view with indifference measures which tend not only to menace these special rights and interests but to place her subjects and institutions at a disadvantage as compared with the subjects and institutions of any other country.

Shortly after this the Revolution of 1911 broke out and the loan project as well as all Manchurian reconstructive activities were suspended.

IV. JAPAN MAKES FURTHER INCURSIONS

By the year 1911 Japan not only had firmly established herself in South Manchuria, but had also opened two new lines of attack, one in eastern Manchuria and the other in Eastern Inner Mongolia. She was, therefore, ready to make some forward moves which would install her in the position she now occupies. In this she was extremely fortunate, for in the next seven or eight years on account of the Chinese Revolution and the European War every occasion was an opportunity to her.[3]

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[3] Russia was by no means innocent during this period. On the contrary, she actively intervened in the Outer Mongolian and Hulunbuir secession.

The first opportunity was the change in American policy relating to China. In order to rehabilitate her finance after the Revolution China appealed to the financial consortium for a reorganization loan. At this point Japan and Russia effected their entrance into the organization. In the negotiation of the loan that followed, the consortium insisted upon conditions which "touched very nearly the administrative independence of China". In consequence, at the instance of their government, the American financial interests withdrew from participation. Thereupon Japan obtained a release from the consortium with regard to industrial and railway loans as distinguished from administrative loans, and approached China for the construction of a number of railways calculated to render the Chinchou-Aigun project unpractical. The Republic was then anxious to secure recognition from the Powers, including Japan. On October 5, 1912, it was reported that it agreed to contract for a loan from Japanese capitalists in the terms of the Pukow-Sinyang Railway loan agreement for the construction of railways (a) from Ssupingkai *via* Chengchiatun to Taonan, (b) from Kaiyuan to Hailung, and (c) from the Changchun station of the Kirin-Changchun Railway across the South Manchurian Railway to Taonan; that she agreed further to apply to Japanese capitalists first in case foreign capital was necessary for the construction of railways (a) from Taonan to Jehol and (b) from Hailung to Kirin.

As might be expected, Russia followed suit. On March 27, 1916, China had to enter into an agreement with the Russo-Asiatic Bank for a loan of 50,000,000 roubles for the construction of a railway from Harbin to Heiho opposite to Blagovchensk by way of Mergen with a branch line connecting Mergen with Tsitsihar, with a view to connect it with the Chinese Eastern Railway *via* the short line in existence between Tsitsihar and the latter railway.

The next opportunity came in 1915. At the outbreak of the European War Japan forcibly occupied the German leased territory of Kiaochou and the Shantung Railway. After all hostilities in the Far East had ceased with the elimination of German influence in that region China requested Japan to withdraw her troops. On this occasion Japan presented the notorious Twenty-one Demands.

As is familiar to students of Far Eastern history these demands were designed to subject the entire territory of China to control, but in doing this Japan took good care to have Manchuria in her secure hold first. The group relating to that region as presented was as follows:

> The Japanese Government and the Chinese Government, since the Chinese Government has always acknowledged the special position enjoyed by Japan in South Manchuria and Eastern Inner Mongolia, agree to the following articles:
>
> ARTICLE I. The two Contracting Parties mutually agree that the term of lease of Port Arthur and Dalny and the term of lease of the South Manchurian Railway and the Antung-Mukden Railway shall be extended to the period of 99 years.
>
> ART. 2. Japanese subjects in South Manchuria and Eastern Inner Mongolia shall have the right to lease or own land required either for erecting suitable buildings for trade and manufacture or for farming.
>
> ART. 3. Japanese subjects shall be free to reside and travel in South Manchuria and

Eastern Inner Mongolia and to engage in business and in manufacture of any kind whatsoever.

Art. 4. The Chinese Government agrees to grant to Japanese subjects the right of opening mines in South Manchuria and Eastern Inner Mongolia. As regards what mines are to be opened, they shall be decided upon jointly.

Art. 5. The Chinese Government agrees that in respect of the (two) cases mentioned herein below the Japanese Government's consent shall be first obtained before action is taken:

(a) Whenever permission is granted to the subject of a third Power to build a railway or to make a loan with a third Power for the purpose of building a railway in South Manchuria and Eastern Inner Mongolia.

(b) Whenever a loan is to be made with a third Power pledging the local taxes of South Manchuria and Eastern Inner Mongolia as security.

Art. 6. The Chinese Government agrees that if the Chinese Government employs political, financial, or military advisers or instructors in South Manchuria or Eastern Inner Mongolia, the Japanese Government shall first be consulted.

Art. 7. The Chinese Government agrees that the control and management of the Kirin-Changchun Railway shall be handed over to the Japanese Government for a term of 99 years dating from the signing of this agreement.

The Central Government, then under the control of Yuan Shih-kai, was about to initiate a monarchical movement. Either because it sincerely believed in the impracticability of resisting Japan under the existing domestic and international circumstances, or because it was anxious to avoid prejudicing the success of its plans by foreign complications, it started to negotiate on the basis of the demands, hoping only to mitigate their severity. It contended as to Articles I and III that Eastern Inner Mongolia could not be considered in the same light as South Manchuria, as the former, it asserted, was not "an enlightened region as yet" and the conditions existing there were entirely different from those prevailing in the latter; and that inland residence for Japanese, even in South Manchuria, was "incompatible with the treaties China has entered into with Japan and other Powers." But for all that, it was constrained to make certain concessions. It proposed to open commercial marts in Eastern Inner Mongolia in lieu of what was demanded with respect to that section of country. It accepted in principle the demand for the right of residence in South Manchuria, but suggested that settlers should be under Chinese jurisdiction. Japan declined to accept these counter-proposals. Thereupon the Yuan government reconsidered and revised them "five or six times, each time making some definite concession," and finally went so far as to concede that all civil and criminal cases between Chinese and Japanese be arranged according to existing treaties, with only cases relating to land or lease contracts reserved to Chinese courts "as a mark of China's sovereignty over the region."

In the revised set of twenty-four demands which Japan presented on April 26th, she changed the term "special position" in the preamble of the group into "economic relations," and took out the questions relating to Eastern Inner Mongolia and made them into four separate demands, of which the last was as follows:

> In the event of Japan and China desiring jointly to undertake agricultural enterprises and industries incidental thereto, the Chinese Government shall give its permission.

As to their position regarding the question of jurisdiction arising out of inland residence no change was made.

In replying to the revised demands the Yuan government made further concessions on the question of jurisdiction arising out of inland residence in the following counter-proposal:

> The Japanese subjects referred to in the preceding two articles besides being required to register with the local authorities passports, which they must procure under the existing regulations, shall also observe police rules and regulations, and pay taxes in the same manner as Chinese. Civil and criminal cases shall be tried and adjudicated by the authorities of the defendant's nationality and an officer can be deputed to attend the proceedings. But all cases purely between Japanese subjects, and mixed cases between Japanese and Chinese, relating to land or disputes arising from lease contracts, shall be tried and adjudicated by Chinese Authorities, and the Japanese Consul may also depute an officer to attend the proceedings. When the judicial system in the said Province is completely reformed, all the civil and criminal cases concerning Japanese subjects shall be tried entirely by Chinese law courts.

Of the four new articles relating to Eastern Inner Mongolia two had been agreed to by the Yuan government as part of Article V of the original demands, while a third embodied its proposal to open trade marts in place of granting the right of inland residence, and to these three it readily acceded. The last article, however, was felt to contain exactly what was at the first instance rejected, and the government declined as before to give consideration to it.

Japan, however, refused to entertain these and other counter proposals and delivered an ultimatum to compel acceptance of all. In a note accompanying the ultimatum, there was the following explanation concerning the group relating to South Manchuria and Eastern Inner Mongolia:

> Article 2 of Group II relating to the lease or purchase of land, the terms "lease" and "purchase" may be replaced by these terms, "temporary lease" and "perpetual lease" or "lease on consultations," which means a long-term lease with its conditional renewal.
>
> Article 4 of Group II relating to the approval of laws and ordinances and local taxes by the Japanese Consul may form the subject of a secret agreement.
>
> The phrase "to consult with the Japanese Government" in connection with questions of pledging the local taxes for raising loans and of the loans for construction of railways in Eastern Inner Mongolia, which is similar to the agreement on Manchuria relating to the matters of the same kind, may be replaced by the phrase "to consult with the Japanese capitalists."
>
> The Article relating to the opening of trade marts in Eastern Inner Mongolia in respect to location and regulations, may, following the precedents set in Shantung, be the subject of an exchange of notes.

As signed on the 25th, the treaty relating to South Manchuria and Eastern Inner Mongolia was as follows:

> With a view to developing their economic relations in South Manchuria and Eastern Inner Mongolia:
>
> ARTICLE 1. The two High Contracting Parties agree that the term of lease of Port

Arthur and Dalny and the terms of the South Manchurian Railway and the Antung-Mukden Railway, shall be extended to 99 years.

ART. 2. Japanese subjects in South Manchuria may, by negotiation, lease land necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises.

ART. 3. Japanese subjects shall be free to reside and travel in South Manchuria and to engage in business and manufacture of any kind whatsoever.

ART. 4. In the event of Japanese and Chinese desiring jointly to undertake agricultural enterprises and industries incidental thereto, the Chinese Government may give its permission.

ART. 5. The Japanese subjects referred to in the preceding three articles, besides being required to register with the local Authorities passports, which they must procure under existing regulations, shall also submit to the police laws and ordinances and taxation of China.

Civil and criminal cases in which the defendants are Japanese shall be tried and adjudicated by the Japanese Consul; those in which the defendants are Chinese shall be tried and adjudicated by Chinese Authorities. In either case an officer may be deputed to the court to attend the proceedings. But mixed civil cases between Chinese and Japanese relating to land shall be tried and adjudicated by delegates of both nations conjointly in accordance with Chinese law and local usage.

When, in future, the judicial system in the said region is completely reformed, all civil and criminal cases concerning Japanese subjects shall be tried and adjudicated entirely by the Chinese law courts.

ART. 6. The Chinese Government agrees, in the interest of trade and for the residence of foreigners, to open by China herself, as soon as possible, certain suitable places in Eastern Inner Mongolia as Commercial Ports.

ART. 7. The Chinese Government agrees speedily to make a fundamental revision of the Kirin-Changchun Railway Loan-Agreement, taking as a standard the provisions in railway agreements made heretofore between China and foreign financiers.

When in future more advantageous terms than those in existing railway loan agreements are granted to foreign financiers in connection with railway loans, the above agreement shall again be revised in accordance with Japan's wishes.

ART. 8. All existing treaties between China and Japan relating to Manchuria shall, except where otherwise provided for by this Treaty, remain in force.

The notes exchanged as the treaty was signed were seven in number. Of these, four appeared to relate to the provisions of the treaty itself, and three to independent subjects concerning the same localities which formed the subject of the treaty. One of the first four notes stated, with reference to Article I of the treaty, that the term of the lease of Port Arthur and Talienwan was to expire in 1997; that the dates for restoring the South Manchurian and Antung-Mukden Railways were to be set at 2002 and 2007 respectively; and that the provision in Article XXI of the original agreement relating to the South Manchurian Railway, namely that the railway might be redeemed by China after thirty-six years from the day traffic was opened, was cancelled. A second stated that the term "lease by negotiation" contained in Article II of the treaty was to be understood to imply a long term lease of not more than thirty years with the possibility of its unconditional renewal. A third stated that the Chinese authorities would notify the Japanese consul of police laws and ordinances and the taxation to which Japanese subjects were to submit according to Article V "so as to come to an understanding with them before their enforcement." The last stated that, on the selection of places to be opened as provided in Article VI and the drawing up of regulations therefor, decision would be made by the Chinese government "after consulting the Minister of Japan."

In one of the last three notes China granted the privilege of mining in nine localities in South Manchuria, six being in Fengtien and three in Kirin. In another she declared that "hereafter, if foreign advisers or instructors on political, financial, military, or police matters are to be employed in South Manchuria, Japanese may be employed first." In the last note there was the following declaration:

> China will hereafter provide funds for building necessary railways in South Manchuria and Eastern Inner Mongolia; if foreign capital is required China may negotiate for a loan with Japanese capitalists first; and further, the Chinese Government, when making a loan in future on the security of the taxes in the above-mentioned places (excluding the salt and customs revenue which have already been pledged by the Chinese Central Government) may negotiate for it with Japanese capitalists first.

As in 1910, Japan now moved to strengthen her newly acquired position by an understanding with Russia. On July 3, 1916, the two powers entered into a new secret agreement under the cover of an open one. In this open agreement they merely engaged, "for the maintenance of permanent peace in the Far East," to abstain mutually from becoming party to any "arrangement or political combination" directed against each other and to confer in regard to the measures to be taken "with a view to the support or cooperation" to be given each other in order to "safeguard and defend" "the territorial rights or the special interests" of either party in the Far East in case these "should be menaced." In the secret agreement their object was not so much for the maintenance of "permanent peace in the Far East" as for strengthening "the firm friendship between them established through the secret agreements of July 17–30, 1907, June 21–July 4, 1910, and June 25–July 1, 1912." And for this "firm friendship" they mutually obligated themselves "in the future at all times," when circumstances demanded, to enter "with open-hearted dealings, based on complete trust, in order to take necessary measures with the object of "preventing the possibility of occurrence" of "the political domination" over China "of any third power whatsoever, having hostile designs against Russia and Japan"; also to come to each other's aid in the event of war declared by any third power on either in consequence of measures taken by mutual consent, and not to conclude peace with the common enemy without the consent of its ally. This secret agreement was to continue in force until July 1/14, 1921, one day beyond the Anglo-Japanese alliance, and, in case neither party denounced it one year before the end of the term, still to continue in force in the same manner as the last mentioned alliance, *i.e.*, indefinitely for a period of one year after one of the parties should have denounced it.

As if an alliance with Russia was not enough Japan also sought to commit the United States on the question. By an exchange of notes published on November 2, 1917, known popularly as the Lansing-Ishii agreement, "the Governments of the United States and Japan recognize that territorial propinquity creates special relations between countries, and consequently, the Government of the United States recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous."

As soon as the monarchical movement of 1915–16 was started, Japan saw her third opportunity and moved again. This time the measure she adopted was assistance to the opposition in the country. The best known instance is perhaps the financing of and giving facilities to the retired Manchu officials at Dairen to assemble 2,000 Manchurian bandits in that port and to equip 5,000 Mongolian bandits in the desert for a joint descent upon Fengtien.

After the cessation of the monarchical movement the Manchus at Dairen gave up their attempts; but the Mongolian bandits as originally planned marched upon Taonan. In spite of their number and foreign equipment they were however held at bay by the government troops as soon as they entered Manchurian territory. At this juncture Japan came forward to inform the commander in charge that no hostility would be permitted near the South Manchurian Railway. Soon afterwards a fracas followed in a regimental headquarters of the government troops at Chengchiatun between some Chinese soldiers and Japanese soldiers, resulting in four Chinese and twelve Japanese killed and some others wounded. Thereupon Japan reinforced her troops between Chengchiatun and Ssupingkai. Before Japan the government troops could not but retire, and the bandits headed for Kuochiatien on the South Manchurian Railway.

The bandits being safely on the Company's lands Japan requested the local authorities to let them depart unmolested. In the meantime she permitted them to be reinforced by 800 Manchurian bandits from Dairen. Under these circumstances the local authorities issued order for immediate attack, the Japanese being duly notified. In the ensuing battle some of the Japanese troops who were "guarding the railway zone" were injured and a Japanese flag hit by a stray bullet. Japan therefore concentrated her troops at Chaoyangpo "to prevent a recurrence." Meanwhile Kirin troops attacked the bandits from the rear and threatened to envelop them. At this juncture Japan again came forward to request cessation of hostilities, undertaking at the same time to disarm the Manchurian bandits and see the Mongolian bandits out of Fengtien.

Japan was evidently not satisfied with fulfilling her moral obligations to the bandits. On September 2nd she submitted a memorandum to China containing three demands and four desiderata. The first two of the demands concerned punishment of those who had taken direct part in the fracas and of their superior officers, as well as the issuance of a proclamation against "provoking the Japanese forces, or soldiers, or other Japanese subjects, by either word or act." The last two of the desiderata concerned apology to be given by the military governor of Fengtien and compensation for the Japanese sufferers. The remaining demand was as follows:

> To agree that the Japanese Government may, with a view to the protection and government of the Japanese subjects in South Manchuria and Eastern Inner Mongolia, send Japanese police officers to function at those places where considered to be necessary; also to let the Chinese officials in South Manchuria employ more Japanese to serve as police advisers.

The remaining desiderata were as follows:

(*a*) Every Chinese army headquarters stationed in South Manchuria and Eastern Inner Mongolia to employ a certain number of Japanese military officers as advisers.

(*b*) Chinese military cadet schools to employ a certain number of Japanese military officers as instructors.

China deemed it inexpedient to examine into the merits of the case, and proceeded to discuss the memorandum. While ready to agree in principle to other questions, the government found itself unable to make concessions on the three points given textually above.

The Chinese stand having failed to satisfy Japan, especially as regarded the question of police, Japan handed to China on January 5, 1917, three *notes verbales*. In the one relating to the question of police she attempted to justify the Japanese position on the ground that the right claimed therewith was but "a corollary of the right of extra-territoriality," and declared that, in order to give adequate protection to and establish effective control over the increasing number of Japanese subjects in South Manchuria and Eastern Inner Mongolia in consequence of the operation of the treaty of 1915, Japan would be "constrained to carry it into effect in case of necessity" notwithstanding the lack of concurrence on the part of China.

In her reply China pointed out that protection and control of the increasing number of Japanese subjects in South Manchuria had been provided for in Article V of the said treaty, in which it was stipulated that Japanese subjects in those localities were to submit to Chinese police law and ordinance. As to the right of stationing police officers in that region as a corollary to extra-territoriality she said that "ever since the conclusion of extra-territoriality treaties between China and the foreign powers for several decades no such claim has ever been heard," not to say that in view of the provision of the above-mentioned article there was no such necessity. She finally requested Japan to abandon the matter. Meanwhile the cause of the case became well known to the public and Japan did not deem it expedient to press the police matter any further.

Shortly after the foregoing exchange of correspondence Japan's fourth opportunity came in the civil war of 1917–18 between the Chinese national legislature and the Anfu Club. On this occasion, as during the monarchical movement, the Japanese took sides with one of the hostile camps, but, whereas they had sided with the opposition on the former occasion, now they sided with the government, and instead of financing and equipping bandits they financed and equipped the Anfu government. The following is a table of loans and advances thus made that are charged upon Manchuria:

1917-18	Alleged Purposes	Million Yen
Oct. 12	Loan for the Kirin-Changchun Railway	6½
June 18	Advance upon loan for the Kirin-Hueining Railway	10
Aug. 2	Loan for gold mining and forestry in Heilungkiang and Kirin	30
Sept. 28	Advance upon loan for railways in Manchuria and Mongolia	20
	Total	66½

Of the foregoing the so-called loan for the Kirin-Changchun Railway was alleged to be made in accordance with Article VII of the treaty of 1915 relative to South Manchuria and Eastern Inner Mongolia. Its amount was 6,500,000 *yen;* its terms thirty years; and its security, the property and receipts of the Kirin-Changchun Railway. The rights of administration of the line were vested in China which would have a chief of the administration (Chu-chang), who would exercise supervisory powers over all the affairs of the railway, but the actual administration was to be entrusted to the South Manchurian Railway Company during the term of the loan. If in the future China should require foreign capital to construct branch lines or extensions, priority was to be given to that company. As to the rights of police administration, jurisdiction, and taxation on the railway and on the land used by the railway, they were "naturally vested in the [Chinese] government."

The so-called advance upon loan for the Kirin-Hueining Railway, 10,000,000 *yen* in amount, was made, "without any deduction for commission" upon the conclusion of a preliminary agreement for a loan alleged to be "for the purpose of constructing the railway from Kirin to Hueining," the formal agreement to be concluded within six months. The term of the loan was to be forty years, redemption to begin from the eleventh year from the date of issue; and its security was the property owned by and the revenue due to the railway "either at present or in the future." When the construction of the railway should take place, China was to build the railway bridge over the Tumen river "conjointly with the Railway Department of the Office of the Japanese Governor-General of Korea," and was to share half of the expense. As regards particulars not provided for in the preliminary agreement, they were to be decided in accordance with the Tientsin-Pukow Railway loan agreement of January 13, 1908.

The so-called loan for gold mining and forestry in Heilungkiang and Kirin was alleged to be made "for the development of gold mining and forestry in Heilungkiang and Kirin." Its amount was 30,000,000 *yen* "to be delivered without discount"; its terms ten years, with a provision for extension by mutual consent at its expiration, and an option on the part of China to repay a portion of it after the lapse of five years; and its security the gold mines, national forests, and China's revenue therefrom. During the period of operation of the agreement the lenders were to have the right of being first consulted in case further loans were to be made in respect to objects of the securities or disposal contemplated thereof, but the agreement was subject to cancellation as a result of the repayment of principal and interest.

The so-called advance upon loan for construction of railways in Manchuria and Mongolia, 20,000,000 *yen* in amount, was made "without reduction for commission," upon the conclusion of a preliminary agreement for a loan alleged to be "for the purpose of building" a railway between Jehol and Taonan, a railway between Changchun and Taonan, a railway between Kirin and Kaiyuan by way of Hailung, and "a railway from a point on the Jehol-Taonan Railway to a certain seaport" to be decided upon by consultation between China and the banks, formal agreement to be concluded within four months. The term of the loan was to be forty years, redemption to begin "after eleven years" from the date of issue, and its security "all the property and revenue of the Four Railways of Manchuria and Mongolia, at present and in the future."

The fifth and last of the opportunities came in 1918 when intervention in Siberia was being mooted by the Allies. With a financial string tied around the Anfu government, it did not take much ingenuity on the part of Japan to secure an agreement for Sino-Japanese military cooperation which at the last analysis meant nothing other than permission for her to occupy North Manchuria. Fortunately, on account of a series of events, especially the fruition of the allied intervention and the termination of the European War, nothing serious resulted from this attempt.

As in the monarchical movement of 1915–16 Japan however did not wish to leave empty-handed. In the beginning of October on the occasion of an attack upon the Japanese at Hungchun by Korean revolutionaries issued from Russian territory, she occupied eastern Kirin and started a campaign to clear Korean settlements on the Tumen of elements opposed to her politically, in which attempt according to the appeal of the Catholics to the Pope, more than one thousand dwellings, twenty-one chapels, and seven schools were burnt and about twenty-one hundred Korean Catholics besides several hundred Chinese were killed. At the same time Japan publicly accused China, alleging failure to end Korean revolutionary activities in the settlements as well as participation of Chinese troops in the attack upon the Japanese at Hungchun. Against the acts of Japan China protested. But in the meantime Japan had done everything to her heart's content and as she was not able to prove her allegation regarding Chinese troops at Hungchun, she slackened her grip and withdrew after establishing police agencies in the principal cities in the occupied region.

V. JAPAN CALLED TO HALT

In pursuing her aggressive policies with reference to Manchuria during the years which elapsed between the Peking and Versailles Conferences Japan must be adjudged successful. This was undoubtedly due to the fact that of the two powers that might have been a hindrance Great Britain had to humor her on account of more serious menace nearer home, while the United States was hardly in a position to ignore her wishes with the kind of preparedness she had before the Europan War. Japanese fortune however, soon ran its cycle. American participation in the War and the elimination of Germany as an important factor in world politics followed one after another, and she was no more as free as before.

The preliminary step toward checking Japanese ambition with reference to Manchuria is seen in the promotion of a new financial consortium to undertake Chinese loans on the resort by Japan to the Nishihara Loans. As usual Japan measured up to the occasion. No sooner was the consortium proposed than she hastened on the one hand to complete her loan policy by inducing the Anfu Club to enter into the several contracts that were most deadly in their effects, and on the other to come forward to see if she could not in the first instance secure a legal recognition of her position thus far acquired, and failing this to render the proposed measure entirely innocuous.

The American proposal having been accepted by the three powers, on May 12, 1919, the bankers met at Paris and drew up an agreement. Article II of this agreement read in part as follows:

> This agreement relates to existing and future loan agreements which involve the issue for subscription by the public of loans to the Chinese Government; . . . but does not relate to agreements for loans to be floated in China. Existing agreement relating to industrial undertakings upon which it can be shown that substantial progress has been made may be omitted from the scope of this agreement.

In addition to the agreement the bankers also passed a number of resolutions of which No. 2 is as follows:

> (*a*) That in addition to future business all existing loan agreements and options which involve the issue for subscription by the public of loans be pooled, with the exception of agreements and options relating to industrial undertakings (including railways) upon which substantial progress has been made;
>
> (*b*) That the groups will surrender to the consortium any such agreements and options which they themselves possess or control;
>
> (*c*) That the groups will use their best endeavors to induce other parties who may possess or control any such agreements or options to surrender the same to the consortium.

Upon the agreement being concluded Japan made her move. On June 18, 1919, the representative of the Japanese group wrote to his American colleague that he had instructions from his principals in Japan that all the rights and options held by Japan "in the regions of Manchuria and Mongolia, where Japan had special interests" should be excluded from the arrangements for pooling provided for in the proposed agreement. The reason he went on to give was that the very special relations "which Japan enjoys geographically, and historically" with the regions referred to had been recognized by Great Britain, the United States, and Russia on many occasions—pointing specially to the Lansing-Ishii agreement—and had formed the subject of a special reservation made by the Japanese bankers on June 18, 1912, when discussing the agreement for the Reorganization loan with the bankers of the other five groups. On June 23rd, after consulting with his British and French colleagues, the American representative replied. He denied that the "special interests" referred to ever had anything to do with economic matters. He drew the attention of the Japanese bankers to the fact that the reservation they made on June 18, 1912, was not accepted by the British, French, and American groups on the ground that they were not competent to deal with political questions. He stated that he and his British and French colleagues would refer the matter to their respective governments.

The matter having been taken up by the United States and Great Britain with Japan, the latter submitted a memorandum at the end of August accepting the terms as agreed upon among the bankers at Paris, with the reservation that such acceptance "shall not be held or construed to operate to the prejudice of the special rights and interests possessed by Japan in South Manchuria and Eastern Inner Mongolia".

On October 28th the United States replied that she reluctantly found herself unable to assent to the Japanese proviso on the ground that it was "an intermixture of exclusive political pretensions in a project which all the other interested governments and groups treated in a liberal and self-denying spirit and with the purpose of eliminating, so far as possible, such disturbing and complicating political motives"; and that from the viewpoint either of the legitimate national feeling of China or of the interest of the Powers in China "it would be a calamity if the adoption of the consortium were to carry with it the recognition of a doctrine of spheres of interest more advanced and far-reaching than was ever applied to Chinese territory even in the period when the breakup of the Empire appeared imminent." She then went on to point out that the wording of the agreement plainly excluded those enterprises which were already developed "such as the South Manchurian and Ssupingkai-Chengchiatun Railways, the Fushun collieries, et cetera," and "might fairly be interpreted" to exclude likewise the existing option for the extension of railways already in operation "for instance the proposed continuation of the Ssupingkai-Chengchiatun Railway to Taonan and to Hueining of the Kirin-Changchun Railway." In conclusion she observed that Japan should be amply content with the understanding that certain specific enterprises were exempt.

On March 2nd Japan submitted another memorandum to the United States. She defended her claims on the ground that the regions in question, "being contiguous to Korea" stood in "very close and special relation to Japan's national defence and her economic existence." She justified insistence upon the reservation by pointing to the "direful influences" of the Russian Revolution which, it was declared, might effect their penetration through those regions "into Japan and the Far East to the instant menace of their security." She finally proposed a new reservation for acceptance of the terms as agreed upon among the bankers at Paris. The new reservation runs as follows:

> In matters . . . relating to loans affecting South Manchuria and Eastern Inner Mongolia which in their opinion are calculated to create a serious impediment to the security of the economic life and national defence of Japan, the Japanese government reserves the right to take the necessary steps to guarantee such security.

In line with the American specification of exempt enterprises Japan also supplied a list of enterprises which she claimed to fall into that category. These were: (1) the "South Manchurian Railway and its branches, together with the mines which are subsidiary to the Railway;" (2) The Kirin-Changchun, Hsinmin-Mukden, and Ssupingkai-Chengchiatun Railways; and (3) the Kirin-Hueining, Chengchiatun-Taonan, Changchun-Taonan, Kaiyuan-Kirin, and Taonan-Jehol Railways, and "the railway connecting a point in the Taonanfu-Jehol Railway with a seaport." She intimated, however, that in case of any loan being floated in the future in connection with the railways of the third category the European and American market would be invited to subscribe to it.

On March 16th the United States replied. She regretted that the Japanese reservation was "in terms so exceedingly ambiguous and in character so irrevocable" that it might be held to indicate a continued desire on the part of Japan to exclude the Powers from participating in the development of important parts of China. She maintained that the right of national self-preservation was one of universal acceptance in the relations between states, and therefore would not require specific formulation as to its application in any particular instance; that "the recognition of that principle is implicit in the terms of the notes exchanged between Secretary Lansing and Viscount Ishii on November 2, 1917;" and that by reason of "the particular relationships of understanding thus existing between the United States and Japan, and those which, it is understood, similarly exist between Japan and the other powers proposed to be associated with it in the consortium, there would appear to be no occasion to apprehend on the part of the consortium any activities directed against the economic life or national defence of Japan." She observed that it was difficult to believe that "in order to meet the necessities of Japanese economic or political security" it was essential for Japan alone to construct and control a railway line of such a character as the one projected from Taonan to Jehol and thence to the seacoast.

In the meantime the representative of the American bankers had proceeded to Tokyo to effect an agreement with the Japanese bankers on the specific enterprises to be exempt from the operation of the consortium. On April 3rd, while he was there, Japan submitted another memorandum to the United States. She expressed her satisfaction that it was "not so much to the principle of their [Japanese] proposal as to its form" that the United States took exception. She noted the assurance of the United States that the right of national self-preservation, "which forms the basis of the guarantee required by Japan" was not only one of universal acceptance, but one of which "the recognition is implied in the terms of the notes" referred to above, "so that the new consortium would in no case embark upon any activities directed against the national defence and the economic existence of Japan, and so that the powers associated in the consortium would refuse their countenance to any enterprise inimical to the vital interests of Japan." Then "relying upon that assurance of the United States," she accepted "most willingly" the suggestion of the United States to forego the general reservation and to include the Taonan-Jehol Railway and "the line connecting a point thereon with a seaport" in the operation of the consortium. The latter, however, was made on the following condition:

> In the event of the new consortium projecting in future a scheme of extending the Taonanfu-Jehol Railway to the north with a view to connection with the Eastern Chinese Railway, the assent of the Japanese government thereto must be obtained beforehand through the Japanese group, inasmuch as such an extension being tantamount to a renewal of the so-called Chinchou-Aigun Railway scheme against which a protest was lodged by Japan when the question was motioned some years ago, is calculated to have a serious effect upon the South Manchurian Railway.

By this time the representative of the American bankers had reached an agreement with the Japanese bankers embodying substantially what might be gathered from the correspondence thus far reviewed. On April 3rd, the United States replied to the Japanese memorandum of March 2nd. She signified her readiness to agree to the terms of the compromise proposed by the representative of the American bankers, and objected to the veto power Japan sought to retain with respect to the Chinchou-Aigun Railway project, on the ground that the granting of such power would be "contrary to the principles upon which the idea of the consortium is based." On May 8th Japan submitted another memorandum "explaining" that the point concerning the Taonan-Jehol Railway was just raised as "one of the actual examples of enterprises prejudicial to Japan's vital interests which formed the subject matter of the general assurances given by the American Government." She, however, was prepared to waive an explicit assurance concerning it.

It may be added that, as revealed by the correspondence which Japan carried on with Great Britain simultaneously, British views concerning Japanese claims in Manchuria were practically identical with the American.

The real check given to Japanese ambition with reference to Manchuria, however, is to be seen in the Washington Conference, which was originally proposed for the discussion of the limitation of naval armament, but at the suggestion of the United States undertook also to consider the Pacific and Far Eastern problems.

In this occasion as in the former Japan was cautious. The change in the world situation by this time was, however, so definite that it would have been futile to utilize the opportunity to commit the Powers to her claims. In consequence she confined herself to attempting to set a limit to the discussion in the Conference. It appeared that she first asked for a fuller statement of the nature and scope of the Pacific and Far Eastern problems which were to be discussed, and when the United States expressed the hope that she would not press for the statement, Japan accepted the proposal with the understanding that the main object of discussing those problems was "to reach a common understanding in regard to principles and policies in the Pacific and the Far East," and that "introduction therein of problems such as are of sole concern to certain particular powers or such matters as may be regarded as accomplished facts should be scrupulously avoided."

In the Conference the various problems of Manchuria were one by one discussed in due course of time. That concerning Japanese armed forces including troops, railway guards and police was the first to come up. According to a memorandum submitted by the Chinese delegation Japanese armed forces in Manchuria consisted of the following: (a) one full division of garrison with its headquarters in various important localities such as Liaoyang, Tiehling, Harbin, Kungchuling, and Haicheng, besides the leased territory of Port Arthur and Talienwan; (b) sixteen independent battalions of guards along the Chinese Eastern Railway, each composed of 21 officers and 617 men besides (c) the troops then withdrawn from Siberia; and (d) those still maintained in the districts around Hungchun. In addition there were (f) a number since then established, as results of the Chengchiatun fracas and the Hungchun affair in these respective localities.

In reply to the Chinese statement the Japanese delegation declared that the maintenance of guards along the South Manchurian Railway was "conceded and recognized by China under the treaty of Peking, 1905, additional agreement Article II"—a right which Japan could not forego in view of the existing state of affairs in Manchuria, "a region which has been made notorious by the activity of mounted bandits"; that the Japanese troops scattered along the Chinese Eastern Railway were stationed "in connection with an interallied agreement concluded at Vladivostok in 1919" and for establishing communication between the Japanese contingents in Siberia and South Manchuria, but would be withdrawn as soon as the evacuation of Siberia by the Japanese troops was effected; that the stationing of Japanese police in the interior, especially in Manchuria, had proved to be of much practical usefulness in the prevention of crimes among Japanese residents "without interfering with the daily life of Chinese or of other foreign nationals."

In a later meeting the Chinese delegation made their statement in reply. Referring to the Japanese guards along the South Manchurian Railway they reviewed Article I of the treaty of Peking, 1905, Articles III and IV of the Portsmouth treaty which the former article confirmed, and Additional Article II of the treaty of Peking, and said that, while Russia had withdrawn her railway guards from Manchuria as provided in these treaties, Japan had retained hers; that if Japan, in spite of China's request, continued to maintain the guards on the ground of the alleged existing state of banditry, China might never have an opportunity to show her capacity of affording protection to lives and property of foreigners; and that the mere presence of Japanese guards made for friction with the natives and roused rather than allayed disorder throughout the adjacent territory.

Referring to Japanese armed forces along the Chinese Eastern Railway the Chinese delegation only observed that the objects and purposes of the inter-allied agreement had long since disappeared and all allied forces other than the Japanese had long since withdrawn; and that the necessity for maintaining forces along the Chinese Eastern Railway to establish communication between the Japanese contingents in Siberia and South Manchuria was no argument.

As to Japanese police in Manchuria, the Chinese delegation said that the reasons advanced by the Japanese delegation had never been regarded in international law and practice as sufficient to justify the institution of police administration in a foreign friendly country; and that the statement that the Japanese police did not interfere with the daily life of Chinese was not correct.

After the statement was made the Chairman observed that, as all Japanese statements amounted to the offer to withdraw her railway guards when China accorded adequate protection of life and property, while those of China amounted to the offer of protection with a request for the immediate withdrawal of the railway guards, the question was whether China was able to so provide the protection. As to this question which involved facts, he suggested the formation of a subcommittee to study and make recommendations. The Chinese delegation agreed, and suggested that the matter of police might as well be left for discussion in the subcommittee.

In another meeting the Japanese delegation again made a statement. Referring to the Japanese guards along the South Manchurian Railway, they said that the withdrawal of Russian guards from Manchuria referred to by the Chinese delegation was the condition of things created by the existing anomalous situation in Russia, and did not prove that Russia definitely agreed to the withdrawal of her guards contemplated by Additional Article II of the treaty of Peking. In addition they observed that the same article contained the proviso, "when tranquillity shall have been re-established in Manchuria and when China shall have become herself capable of affording full protection to the lives and property of foreigners," as condition precedent to Japan's withdrawal of guards, and submitted a list giving statistics of lawless conditions along the South Manchurian Railway to prove that tranquillity had not yet been reestablished. Finally they declared, as a reply to the Chinese contention that China should be given an opportunity to prove her ability to maintain peace and order, that Japanese interests and Japanese security were matters of such importance that she could not afford to take "obvious risks."

As to troops along the Chinese Eastern Railway, they merely repeated what they had said on the last occasion without, however, mentioning anything about the maintenance of communication between Japanese contingents in Siberia and South Manchuria as a justification. As to police, they were altogether silent.

According to the list showing statistics of lawless conditions along the South Manchurian Railway, cases of attacks by bandits "within the South Manchurian Railway zone," beyond the leased territory, increased from 9 in 1906 to 57 in 1911, 99 in 1917, and 183 in 1920; cases of Japanese injured by bandits while travelling in South Manchuria "within the railway zone" increased from 7 in 1913 to 19 in 1917, and 32 in 1920, and "outside the railway zone" increased from 13 in 1913 to 49 in 1917, but decreased from 49 in 1917 to 24 in 1920; and the number of criminals arrested by Japanese authorities and handed over to Chinese authorities totalled 23,595.

Although the Chinese delegation reserved their right to reply, none was made after all on account, it seems, of the fact that the question was practically crowded out by more important issues of the Conference. If the reply had been made, the Japanese argument would have been more than refuted. Additional Article II of the treaty of Peking to which the Japanese delegation referred records a declaration on the part of Japan made as a result of Chinese protest. The right of China to demand the withdrawal of Japanese guards would seem to remain the same as before, irrespective of fulfilment of conditions Japan set for herself. As to the question of tranquillity, the Japanese ground is equally untenable. The term tranquillity evidently refers to the ordinary post-bellum restoration to a normal state of affairs, not to an ideal condition of things resulting from enlightened rule. It would be most unreasonable to insist that such tranquillity had not reigned after the war had terminated for some fifteen years. It is difficult to see why the Japanese delegation attempted to show the lawless conditions along the South Manchurian Railway. If this helped anything at all, it proved that China should be given an early opportunity to remedy a situation which had gone from bad to worse year by year.

The subcommittee to which the question of foreign armed forces stationed in China without authority was referred as a whole, reported back with a recommendation that the diplomatic representatives in Peking of the powers in the Conference be instructed, whenever China should so request, to conduct collectively in association with Chinese representatives an inquiry into China's ability to provide protection to foreign lives in her territory and to make a report setting forth their findings of fact and their opinion; and that the Powers were then severally to make public the report with such comment as each might deem appropriate, but were free to accept or reject all or any of the findings of fact and opinion expressed.

On the recommendations being accepted by the Conference the Chinese delegation read a statement which in part says:

> It is the understanding of the Chinese Delegation that accepted international law recognizes the basic right of every sovereign State to refuse its consent to the sending into or the stationing within its borders of foreign armed forces, and that while it may, by an exercise of its own will, consent that an inquiry shall be made as to the necessity in fact of the continuance within its borders of such foreign armed forces as may be therein, such action upon its part or a resolution by other Powers offering their cooperation in such an inquiry, is not to be deemed in derogation or limitation of the inherent right of a sovereign State to refuse entrance to, or further continuance within, its borders of foreign armed forces.

The question of Port Arthur and Talienwan came up next. The Chinese delegation proposed that all leases in China be annulled and that, pending such action, fortifications in leased areas be dismantled, on the ground that "the sole purpose of maintaining the balance of power in the Far East" among the Powers concerning China had ceased to exist; that the existence of the leases prejudiced China's territorial and administrative integrity and hampered her national defence; that they had more than once involved China in the complications of the Powers themselves; and that they were utilized as *points d'appui* for developing spheres of influence to the detriment of the principle of equal opportunity.

The Japanese delegation in reply made the following declaration:

> As to that territory [Port Arthur and Talienwan], the Japanese delegates desire to make it clear that Japan has no intention at present of relinquishing the important rights she has lawfully acquired and at no small sacrifice. The territory in question forms a part of Manchuria—a region where, by reason of its close propinquity to Japan's territory more than anything else, she has vital interests in that which relates to her economic life and national safety. This fact was recognized and assurance was given by the American, British, and French governments at the time of the formation of the international consortium, that these vital interests of Japan in the region in question shall be safeguarded.
>
> In the leased territory of Kwantung Province there reside no less than 65,000 Japanese, and the commercial and industrial interests they have established there are of such importance and magnitude to Japan that they are regarded as an essential part of her economic life.

When their turn came for reply the Chinese delegation made the following statement:

> As to the leased territory of Kwantung Province, namely, Port Arthur and Dalny, its original term will expire in 1923, and while an extension to ninety-nine years was obtained by Japan in 1915, it was obtained in such circumstances that the dispute about its validity remains one of the most grave outstanding questions between China and Japan.
>
> Both Port Arthur and Dalny are situated in Manchuria, which is an important part of Chinese territory. Not only does the national safety of China depend upon the safeguarding of Manchuria as an integral portion of the Chinese Republic, because these three eastern provinces, as Chinese people call Manchuria, have been the historic road of invasion into China throughout the past centuries, but also the security of the economic life of the Chinese people depends in a very vital measure upon the conservation and

development with the surplus capital of the world of the natural and agricultural resources, in Manchuria—a region where today an abundance of raw material and food supplies are already accessible to all nations, on fair terms, and through the normal operation of the economic law of supply and demand. Moreover, Manchuria is an important outlet for the surplus population from the congested provinces in other parts of China.

In view of the foregoing facts, it is clear that China has such truly vital interests in Manchuria that the interests of any foreign power therein, however important they may be to themselves, can not compare with them. The fact of close propinquity of Manchuria to Korea, if it justifies any claim to consideration, can be equitably appealed to only on the condition of reciprocity.

As to the statement that assurance was given by the American, British, and French Governments at the time of the formation of the international consortium that the vital interests of Japan in Manchuria shall be safeguarded, the Chinese delegation do not feel in a position, since China was not consulted at the time, to express an opinion as to the question of its accuracy. Should such assurance have been given, they would not, however, conceal their feeling that it can not be reconciled with the principle which was adopted by the conference on November 21st with respect to the sovereignty, the independence and territorial and administrative integrity of China.

The question of the treaties and notes of May 25, 1915, growing out of the Twenty-one Demands was the last to come up. The Chinese delegation proposed that the Powers make a joint disavowal of all claims to any spheres of influence in China. They declared that those spheres (a) hampered the economic development of China, (b) were contrary to the policy of equal opportunity, and (c) furthered political ends, under cover of economic claims, of particular powers, threatening the political integrity of China and giving rise to international jealousy and friction. They submitted a list of agreements which, they asserted, formed the basis of the spheres and asked to be relieved from their restrictive stipulations. This list consisted of (a) the Sino-Japanese treaties and notes of May 25, 1915, (b) fourteen interpower agreements, (c) commitments and agreements which appeared to have been alleged to create or recognize the existence of spheres of interests and (d) non-alienation agreements.

Taking up first the treaties and notes of 1915 the Chinese delegation reviewed the history leading to them, pointed out their vital effects upon the "very existence, independence and integrity of China" and urged that in the common interest of the Powers as well as of China, and in conformity with the principles relating to China then already adopted by the committee, these treaties and notes be considered and cancelled. At this point the Japanese delegation signified its unwillingness to have the question discussed in the Conference. While reserving their reply until they could examine the Chinese statement carefully, the Japanese delegation announced that they could not agree to any course making the validity of the treaties and notes of 1915 or the change or abrogation thereof the subject of discussion at the Conference. They asserted that the question was one to be taken up between China and Japan, and not at the Conference, if it were to be taken up at all.

In a later meeting the Japanese delegation made a statement. They declined to have the treaties and notes of 1915 reconsidered on the ground that they were entered into by China "as a free sovereign nation," and declared as follows:

> 1. Japan is ready to throw open to the joint activity of the international financial consortium recently organized the right of option granted exclusively in favor of Japanese capital,—with regard, first, to loans for the construction of railways in South Manchuria and Eastern Inner Mongolia; and second, to loans to be secured on taxes in that region; it being understood that nothing in the present declaration shall be held to imply any modification or annulment of the understanding recorded in the officially announced notes and memoranda which were exchanged among the governments of the countries represented in the consortium, and also among the national financial groups composing the consortium, in relation to the scope of the joint activity of the organization.
>
> 2. Japan has no intention of insisting on her preferential right under the Sino-Japanese arrangements in questions concerning the engagement by Chinese of Japanese advisors or instructors on political, financial, military, or police matters in South Manchuria.
>
> 3. Japan is further ready to withdraw the reservation which she made, in proceeding to the signature of the Sino-Japanese treaties and notes of 1915, to the effect that Group V of the original proposal of the Japanese Government would be postponed for future negotiations.

In other words, Japan was willing to forego what she had already relinquished to the financial consortium as in (1), or what she would most probably never enjoy, either because it involved China's discretion as in (2), or because circumstances had changed as in (3).

In giving more fully the ground on which Japan declined to reconsider the treaties and notes of 1915, the statement continued:

> It is presumed that the Chinese delegation has no intention of calling in to question the legal validity of the compacts of 1915, which were formally signed and sealed by the fully authorized representatives of the two governments, and for which the exchange of ratifications was effected in conformity with established international usages. The insistence by China on the cancellation of those instruments would in itself indicate that she shares the view that the compacts actually remain in force and will continue to be effective, unless and until they are cancelled.

After the Japanese delegation made their statement the Chinese delegation refuted the implication that China recognized the validity of those treaties and notes. They said that the Chinese government and people had always regarded them as peculiar in themselves owing to the circumstances under which they had been negotiated, and considered the state of things arising under them as a *de facto* situation without any legal recognition on the part of China. They also reserved their right to reply fully.

In another meeting the Chinese delegation had their turn. They took note of Japan's concessions. They told how the treaties and notes were extorted from China at a time when the most friendly relation was in existence between the two countries, and how their provisions were in conflict with China's obligations towards other countries, and said:

> Because of the essential injustice . . . . the Chinese delegation, acting on behalf of the Chinese government and of the Chinese people, has felt itself in duty bound to present to this conference, representing the powers with substantial interests in the Far

East, the question as to the equity and justice of these agreements and therefore as to their fundamental validity.

They said further:

> If Japan is disposed to rely solely upon a claim as to the technical or juristic validity of the agreements of 1915 as having been actually signed in due form by the two governments, it may be said that, so far as this conference is concerned, the contention is largely irrelevant, for this gathering of the representatives of the nine powers has not had for its purpose the maintenance of the legal *status quo*. On the contrary, the purpose has been, if possible, to bring about such changes in existing conditions upon the Pacific and in the Far East as might be expected to promote that enduring friendship among the nations of which the President of the United States spoke in his letter of invitation to the powers to participate in this conference.

The unwillingness of the Japanese delegation to have the question discussed in the Conference remained the same, and the Chinese delegation had to be content with giving the reasons why the treaties and notes of 1915 should form the subject of impartial examination with a view to their abrogation. These reasons were (a) the unilateral character of the agreements in point of benefit, (b) their violation in important respects of treaties between China and the other powers, (c) their inconsistency with the principles relating to China adopted at the Conference, and (d) their being a source of constant misunderstanding between China and Japan. They then concluded their statement with the following:

> The foregoing declaration has been made in order that the Chinese government may have upon record the views which it takes, and will continue to take, regarding the Sino-Japanese treaties and exchange of notes of May 25, 1915.[4]

Japan thus escaped practically unaffected so far as the specific questions were concerned. On the other hand she fared less well as regards her position with reference to Manchuria in general. The claim to a special position or special interests or a sphere of influence or interest in Manchuria, either based upon the lease of Port Arthur and Talienwan and the concession of the South Manchurian Railway, or put forward to justify their retention, was both directly and indirectly challenged in the Conference and eventually rendered more or less innocuous for the future.

At the very beginning of the Conference the Chinese delegation proposed the adoption of a set of general principles to be applied in the determination of the questions relating to China. In reply the powers represented there all expressed their sympathy. The Japanese delegation in particular was most generous. "We are anxious," they declared, "to see peace and unity re-established at the earliest possible moment, but we want to avoid all action that may be construed as an intervention in the internal affairs of China. All that this Conference can achieve is, it seems to us, to adjust China's foreign relations, leaving her domestic situation to be worked out by the Chinese themselves." "We are solicitous," they continued, "of making whatever contributions we are capable of towards China's realization of her just and legitimate aspirations. We are entirely uninfluenced by any policy of territorial aggrandizement in any part of China. We adhere without condition or reservation to the principle of the open door and equal opportunity in China. We look to China in particular for the supply of raw materials essential to our industrial life and for food stuffs as well. In the purchase of such materials from China, as in our trade relations with that country, we do not claim any special rights and privileges, and we welcome fair and honest competition with all nations."

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[4] In 1923 when the lease of Port Arthur and Talienwan expired according to the original grant, China called upon Japan, though with no avail, for the restoration of the territory in harmony with the stand taken in the Conference.

Following the declarations of the various powers the American delegation submitted a proposed resolution which, they declared, covered the points on which all seemed to be in agreement. This resolution as finally adopted as Article I of the Nine-Power treaty relating to principles and policies concerning China reads as follows:

> The Contracting Powers other than China, agree:
>
> (1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China;
>
> (2) To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;
>
> (3) To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;
>
> (4) To refrain from taking advantage of conditions in China in order to seek special rights and privileges which would abridge the rights of subjects or citizens of friendly States and from countenancing action inimical to the security of such States.

Shortly afterwards the Chinese delegation made a proposal to the effect that China be given previous notification of the negotiation of any treaty or agreement which would affect Chinese interests. The proposal as such was not accepted by the Conference, but it gave occasion for the British delegation to offer a substitute resolution which, later embodied in the Nine-Power treaty as Article II, reads:

> The Contracting Powers agree not to enter into any treaty, agreement, arrangement, or understanding, either with one another, or, individually or collectively, with any Power or Powers which would infringe or impair the principles stated in Article I.

In the later part of the Conference, when the specific question of the Open Door came up for discussion, the American delegation again offered a resolution. As accepted by the Conference and embodied as Article III of the Nine-Power treaty, it reads as follows:

> With a view to applying more effectually the principles of the Open Door or equality of opportunity in China for the trade and industry of all nations, the Contracting Powers, other than China, agree that they will not seek, nor support thier respective nationals in seeking—
>
> (*a*) any arrangement which might purport to establish in favour of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;

> (*b*) any such monopoly or preference as would deprive the nationals of any other Power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese Government, or with any local authority, in any category of public enterprise, or which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.
>
> It is understood that the foregoing stipulations of this Article are not to be so construed as to prohibit the acquisition of such properties or rights as may be necessary to the conduct of a particular commercial, industrial, or financial undertaking or to the encouragement of invention and research.
>
> China undertakes to be guided by the principles stated in the foregoing stipulations of this Article in dealing with applications for economic rights and privileges from Governments and nationals of all foreign countries, whether parties to the present Treaty or not.

On the occasion of the British delegation's bringing up the question of railways in China the American delegation also proposed a resolution indicating the general policy concerning their future development. The resolution which was adopted unmodified is as follows:

> The Powers represented in this Conference record their hope that to the utmost degree consistent with legitimate existing rights, the future development of railways in China shall be so conducted as to enable the Chinese Government to effect the unification of railways into a railway system under Chinese control, with such foreign financial and technical assistance as may prove necessary in the interests of that system.

From the very beginning of the Conference the sentiment was very strong against the system of spheres of influence or interest. Great Britain in particular was most articulate on the question. During the discussion that led to the adoption of Article II of the Nine-Power treaty her delegation said:

> So far as Great Britain is concerned, spheres of interest are things of the past. The British Government has not the slightest wish to prolong a situation which, so far as they are concerned, has been abandoned. A better way of dealing with the matter is to make clear what had already been implicitly, if not explicitly, indicated, namely, to declare that no one wishes to perpetuate either the system of spheres of interest or the international understandings on which they depend.

Furthermore, in order to have the British stand go on the records of the Conference they stated that on October 31, 1921, the spokesman of the British foreign office had made the following declaration in the House of Commons:

> The policy of spheres of influence has been superseded by one of international cooperation, and the further development of this policy will no doubt form one of the subjects of discussion at Washington.

Later in connection with the discussion leading to the adoption of Article III the British delegation again declared:

> The British Empire Delegation understood that there was no representative of any Power around the table who thought that the old practice of "sphere of influence" was either advocated by any Government or would be tolerable in this Conference.

Before the last declaration was made, the question had been definitely brought up for action by the Chinese delegation. Nothing was done then on account of the question's foundering upon the rock of the Twenty-one Demands, but in a later meeting when opportunity offered itself the American delegation presented a resolution on the question, which was accepted by the Conference and embodied as Article IV of the Nine-Power treaty as follows:

> The Contracting Powers agree not to support any agreements by their respective nationals with each other designed to create Spheres of Influence or to provide for the enjoyment of mutually exclusive opportunities in designated parts of Chinese territory.

With the adoption of the foregoing resolutions practically all inter-power agreements relating to China from the restrictive effect of which China asked to be relieved were either superseded or rendered incompatible. Early in the Conference a treaty had been concluded among the United States, Great Britain, France and Japan providing for the termination of the Anglo-Japanese alliance. On April 14, 1923, about a year after the Conference, an exchange of notes was also made between the United States and Japan declaring the cancellation of the Lansing-Ishii agreement.

VI. RUSSIAN INFLUENCE DIMINISHED

For a few years after the Russo-Japanese War Russia did very little in the way of extending her influence in North Manchuria. At one time she was even favorable to the idea of selling the Chinese Eastern Railway. With the joint Russo-Japanese opposition to the American neutralization scheme in 1909 a change however came over her. From that time on she became an accomplice with Japan in all her attempts upon Chinese rights and divided with her the spoils which their labor was able to bring them. Then came the Revolution at home and consequently her virtual elimination as an important factor.

Shortly after the outbreak of the Revolution in Russia disorder spread into the railway zone. China therefore stepped in as the territorial sovereign to help maintain order. She first despatched troops into the zone and established a liaison between the railway company and the Chinese government by the appointment of a president for the company, an act which she had desisted from doing ever since the days of the Russian military occupation of Manchuria. Later, she also found it necessary to station police along the line. Still later, in consequence of the decision of the Allied forces in Siberia to assign the protection of the Chinese Eastern Railway to China, she organized the troops along the line into regular railway guards under a unified command.

In taking the foregoing measures China assumed the *de facto* status of the Chinese Eastern Railway without raising the fundamental question of the extent of Russia's right over it. Thus it was seen that while she despatched armed forces into the zone and appointed a president for the company, she did not interfere with the management of the railway, nor take steps to disarm the Russian guards and police still found along the line. By 1920 conditions had, however, so changed that China was compelled to modify her policy in some way. With the Allied intervention in Siberia various problems had been created that threatened to further complicate the issue of the status of the railway. Furthermore, as the revolutionary government had gradually extended its power into Eastern Siberia, sooner or later China would have to put herself in a false position by refusing to let it take over the zone, or run the risk of all contingencies if the new regime were to be installed in the place of the old. It may be added that by this time China also had come to realize that if she were to recover her lost rights, the time had come.

The occasion for action came during the third anniversary of the Russian Revolution when the employees of the railway went on strike against their general manager. China thereupon again intervened. She first caused the resignation of the general manager, next disarmed all remaining Russian guards and police, and finally took over the control of the railway on the basis of an agreement entered into on October 2, 1920, with the Russo-Asiatic Bank representing the financial interests of the railway.

The agreement referred to was declared to be supplementary to the agreement of September 8, 1896. In the preamble it was stated that the Chinese government—

> Finds itself under obligation to take measures indispensable not only for the safeguarding of security in the regions served by the said railway and for the maintenance of communications which are of world interest, but also for effective protection over the property of the said railway.

This was so in view of—

> (*a*) The payment, as participation, of 5,000,000 Kuping taels to the Russo-China Bank (now the Russo-Asiatic Bank) with a view to the putting into execution of the contract drawn up on the 25th day of the Seventh Moon of the twenty-second year of Kuanghsu (September 8, 1896) for the construction and operation of the Chinese Eastern Railway;
>
> (*b*) The sum due by the above-mentioned railway company to the Chinese Government, accruing from the principal, namely 5,000,000 Kuping taels, and the interest due thereon, as also the credit rights resulting from the subsequent advances made in recent years in favor of this railway:
>
> (*c*) The situation created by the complete political disorganization in Russia, rendering temporarily impossible for the said company the maintenance of regular operation;
>
> (*d*) Its rights of sovereignty.

Thus—

> By reason of the obligations stated above, the Chinese Government has, under date of October 2, 1920, notified the Bank of its decision to assume provisionally, pending such arrangement concerning the railway as the Government may reach with the Russian Government that may be recognized by China, the supreme control exercised over the said railway by virtue of the contract and of the regulations in force, and to resume the advantages and particular interests conferred upon China by the operating contract concluded in the 22nd. year of Kwang-Hsu (1896) and the original statutes of the said Company.

By this agreement the Chinese government was to have the right in addition to electing the President, to name four Chinese upon the Board of Directors which had a membership of nine, and the President was to have an additional deciding vote in case of a tie. Decision, however, was to be made with a majority of seven members. The Chinese government was also to name two Chinese upon the Audit Committee, which had a membership of five, with one of the Chinese to be elected Chairman. In addition to the foregoing provisions Articles V and VI read as follows:

> V. It is understood that, in order to assure the satisfactory progress of operation of the said railway, the posts of the railway will be shared in an equitable manner between Chinese and Russians.
>
> VI. The rights and obligations of the Company will henceforth be in every respect of a commercial character: every political activity and every political attribute will be absolutely forbidden to it. To this end, the Chinese Government reserves the right to prescribe restrictive measures of any character and at any time.

The agreement was supplemented by a number of notes exchanged between the parties. In one of these it was stated that the interest accruing from the principle of 5,000,000 taels due to the Chinese government by the Bank was to be calculated on the basis of 6 per cent compounded annually from the day the railway was opened to traffic to the year 1920, and that the entire sum due was to be recorded as soon as the parties were able to discover a basis for settling whether 1903 or 1907 was to be taken as the date on which the railway was opened to traffic. In another the Chinese government reserved the right to raise the question of purchasing one half of the shares of the Railway Company, amounting to 2,500,000 roubles. In a third the Bank declared that it was a private limited company with no relation to any party in Russia or any power other than China and Russia.

Under the date of October 6, 1920, two letters were also addressed by the Bank to the Chinese government. In one the Bank communicated a testimony, made by the representative of the Russian Ministry of Finance attached to the Embassy at London and transmitted through the French Ministry of Foreign Affairs and Legation in Peking, to the effect that the shares of the Chinese Eastern Railway were all owned by the Bank. In the other letter the Bank declared itself to be a Russian private company registered at the Russian capital.

On December 25, 1920, following the agreement with the Bank, China created the railway zone into a Special Area. At the same time she organized the police administration of the territory, railway police having been placed under the President of the railway previously. In February next year she also established a bureau of municipal administration at Harbin.[5] On March 1, 1923, after two years' experience, these mutually independent institutions were coördinated by the appointment of a governor for the Special Area. Under the unified administration municipal bureaus were established in all important centres throughout the territory and control over lands not strictly for the operation of the railway as well as over education was assumed.[6]

The assumption of control over the railway was enough to fortify the Chinese position with regard to the new regime in Russia. As to meeting the problems arising from the Allied intervention in Siberia something further in the direction of clarifying the status or the railway needed to be defined.

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[5] In the meantime the reorganized Board also adopted measures to modify the economic policy of the railway.

[6] The municipal councils established during the old régime were not reorganized until 1926.

During the Allied intervention in Siberia it was found that from both the military and economic standpoint it was desirable to unify the control of the Trans-Siberian Railway system including the Chinese Eastern Railway. At the suggestion of the United States an Inter-Allied Committee consisting of representatives from each power having military forces in Siberia, including Russia, with a Russian chairman, was therefore created, also two boards under it, one a Technical Board for the purpose of administering the technical and economic management of the railway, and the other an Allied Military Transportation Board to attend to the coördination of military transportation. At the recommendation of the United States an American expert was appointed as President of the Technical Board. In order to make clear the temporary nature of the measure it was provided in the agreement of January 9, 1919, that the arrangement was to cease to be operative upon withdrawal of the foreign military forces from Siberia, and all the foreign railway experts appointed under the arrangement were then to be recalled forthwith.

In the Washington Conference the question of the Chinese Eastern Railway, on account of its peculiar nature, was discussed separately from the railways in China in general. The question was introduced by the Chairman with the statement that he assumed that the delegates had before them the documentary history of the railway and were conversant with the problems relating to its proper and efficient management. So far as the United States was concerned, he said, there was but one interest namely that the railway should be maintained as an artery of commerce, with free opportunity to all and unfair discrimination against none. The subject, he continued, was so difficult, there were so many different angles that had to be carefully considered, and the project and the relation of both Russia and China to it were such that he did not think the matter could profitably be discussed in the main Committee at that time. It seemed to him that such a discussion would almost necessarily involve a detailed consideration of history and of documents and interests without dealing only with the point of the immediate requirements by reason of the existing conditions in that part of the East. He therefore suggested that a Subcommittee of Technical Advisers be appointed to consider whether there was anything that could be done in the Conference.

In the subcommittee the members were unable to agree among themselves. There was a tendency started by its American member to look at the question from the standpoint of the railway rather than of the territory which it traversed, and to emphasize the trusteeship resulting from the assumption of control by the Allied powers during the period of military operation at the expense of China's claim to act on behalf of herself and the Russian government. In a proposed resolution suggestion was made for the establishment of a finance committee which was to exercise a general financial control over the railway and "the trusteeship which was assumed in 1919," as well as to have the charge of "a dependable and effective police force or gendarmerie." It goes without saying that the suggestion was not acceptable to the Chinese member.

The subcommittee having reported back to the main Committee the Chairman thought it was inadvisable, at that time, to have a discussion there with regard to those points of difference and suggested the appointment of a subcommittee from among their own members, as delegates with the responsibility of plenipotentiary representatives of the powers, to consider them and to see what could be done in the direction of a solution.

In the Subcommittee of Delegates two proposed resolutions were submitted for consideration, including one by the Chinese representative. The two drafts were almost identical, as they differed only in the inclusion of the question of the Ussuri Railway in the Chinese draft. In the view of the sponsor of the proposal such inclusion was necessary because the Ussuri Railway furnished the only access to the sea for the Chinese Eastern and because the Inter-Allied agreement, from which the question under discussion had grown, had been based upon the principle of taking care temporarily of the Trans-Siberian system, including the Chinese Eastern Railway. In the end the Chinese representative and his French colleague were appointed to consider and reconcile the two drafts.

The report made by the two representatives took substantially the Chinese draft as the basis. After reciting certain facts by way of a preamble, it declared that it was desirable to amend the terms of the Inter-Allied agreement with the result that the Technical Board should replace the bodies formed in 1919, and to authorize this Board to advise and assist the President and the Board of Management of the Chinese Eastern Railway and of the Ussuri Railway respectively in the making of loans and to supervise the expenditure of the funds thus obtained. By this proposed agreement China was to furnish an adequate force of gendarmerie with modern training for the protection of the Chinese Eastern Railway, this force to be paid by the Railway.

When the Subcommittee first met, the Japanese representative had raised objection to attempts to discuss treaty or other contractual rights involved in the question or to pass upon the interpretation of those treaties and contracts. After the Chinese and French representatives reported, he again questioned the propriety of amending the Inter-Allied agreement of 1919. As a result he was appointed to go over the drafts with his Chinese and French colleagues and to reach an agreement.

The plan, however, proved to be a failure. While not raising some of the questions he put before, the Japanese representative attempted to reintroduce provisions into the draft relating to the question of trusteeship "in the interest of the Russian people" as well as "the general financial supervision over the Managements" of the Chinese Eastern and Ussuri Railways. Furthermore, he proposed changes in the organization of the Technical Board as follows:

> That the Technical Board shall consist of one representative of each of the Powers participating in this arrangement who shall have equal power and authority. The Chairman of the Board shall be elected by the members thereof from among them in such a manner as may be best suited for the discharge of its functions.

The Chinese representative, of course, could not agree to the provisions relating to trusteeship and financial supervision. The American representative showed his dissatisfaction with both the stand taken by his Chinese colleague and the change relating to the Technical Board proposed by the Japanese, as he thought that the combined effect would mean only the ousting of the American President of the Board. In the end he suggested the following resolutions as substitutes which were adopted:

> *Resolved,* That the preservation of the Chinese Eastern Railway for those interested requires that better protection be given to the Railway and the persons engaged in its operation and use; a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property.
>
> That the subject should immediately be dealt with through the proper Diplomatic channels.
>
> The Powers other than China, in agreeing to the Resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or nonperformance of the obligations towards the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company, which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad.

On the two resolutions being presented to the main Committee the Chinese representative made a statement of the Chinese position. After giving the considerations which had guided the Chinese delegation in dealing with the question, he went on to point out that the legal position of the railway was expressly defined in the agreements between China and Russia, and between China and the Russo-Asiatic Bank, and whatever changes had taken place in the internal organization of the railway had been effected by due process. As to the extent of the trust which China had assumed, he said that applied only to the functions which had been exercised by the Russian government under agreements with China and which China was then exercising as a provisional measure because of the absence, for the time being, of a recognized Russian government. Speaking of the practical situation, he asserted that the Chinese authorities had been handling it to the best of their ability, and if the protection afforded to the road and to those who used it had not been fully adequate, that had been due more to the difficulties consequent upon the political disorganization on the part of China.

Shortly after the Washington Conference the last of the Japanese contingents of the Allied forces left the Siberian mainland, and with that the Inter-Allied Committee and the Technical Board all ceased to function. In notifying China of the fact on October 31, 1922, the United States, France, Great Britain, Italy and Japan reiterated the position they took in the Conference. In addition they reserved to themselves all rights, including those with respect to advances in money and material which had been made by them to the Railway either directly or through the Committee or Technical Board.

The anomalous situation of the Chinese Eastern Railway was, however, clarified before long. Ever since the influence of the new regime in Russia was extended into Siberia it had sought to secure Chinese recognition. Four missions were sent between 1920 and 1923. Of these the first two failed on account of the Mongolian situation at the time, while the third ended with the alleged sickness of the envoy; but the fourth was able finally to reach an understanding with China. On May 31, 1924, this mission entered into two agreements with the central government at Peking. One of these was on general principles for the settlement of questions between China and Soviet Russia, while the other was for the provisional management of the Chinese Eastern Railway. Later, on October 8th, it also succeeded in entering into an agreement relating exclusively to the Chinese Eastern Railway with the Mukden government which was then practically independent of Peking.

Of provisions relating to general principles the parts that have a bearing upon the subject under discussion are to be found in Articles III, IV, and VI, of the first mentioned agreement. These are as follows:

> Article III.—The Governments of the two Contracting Parties agree to annul at the Conference as provided in the preceding Article, all Conventions, Treaties, Agreements, Protocols, Contracts, etcetera, concluded between the Government of China and the Tsarist Government, and to replace them with new treaties, agreements, etcetera, on the basis of equality, reciprocity and justice, as well as the spirit of the Declarations of the Soviet Government of the years of 1919 and 1920.
>
> Art. IV.—The Government of the Union of Soviet Socialist Republics, in accordance with its policy and Declarations of 1919 and 1920, declares that all Treaties, Agreements, etcetera, concluded between the former Tsarist Government and any third party or parties affecting the sovereign rights or interest of China, are null and void.
>
> The Governments of both Contracting Parties declare that in future neither Government will conclude any treaties or agreements which prejudice the sovereign rights or interests of either Contracting Party.
>
> Art. VI.—The Governments of the two Contracting Parties mutually pledge themselves not to permit within their respective territories the existence and/or activities of any organizations or groups whose aim is to struggle by acts of violence against the Government of either Contracting Party.
>
> The Governments of the two Contracting Parties further pledge themselves not to engage in propaganda directed against the political and social systems of either Contracting Party.

Relating to Article IV there is also the following declaration:

> The Government of the Republic of China and the Government of the Union of Soviet Socialist Republics jointly declare that it is understood that, with reference to Article IV of the Agreement on General Principles, the Government of the Republic of China will not and does not recognize as valid any treaty, agreement, etcetera, concluded between Russia since the Tzarist regime and any third party or parties, affecting the sovereign rights and interests of the Republic of China. It is further understood that this expression of understanding has the same force and validity as a general declaration, etcetera, etcetera.

As to provisions relating to the Chinese Eastern Railway, for practical purposes perhaps it is necessary only to reproduce Article I of the Mukden agreement, as provisions in the Peking agreements relating to the subject are either identical to or covered by it. This article reads as follows:

> The governments of the two Contracting Parties agree to settle the question of the Chinese Eastern Railway as hereinafter provided:
>
> (1) The Governments of the two Contracting Parties declare that with the ex-

ception of matters pertaining to the business operations which are under the direct control of the Chinese Eastern Railway, all other matters affecting the rights of the National and the Local Governments of the Republic of China, such as judicial matters, matters relating to civil administration, military administration, police, municipal government, taxation and landed property (with the exception of lands required by the Chinese Eastern Railway itself) shall be administered by the Chinese Authorities.

(2) The time-limit as provided in Article XII of the Contract for the Construction and Operation of the Chinese Eastern Railways of September 8th, 1896, shall be reduced from eighty to sixty years, at the expiration of which the Government of China shall enter gratis into possession of the said Railway and its appurtenant properties.

Upon the consent of both Contracting Parties, the question of a further reduction of the said time-limit (that is, sixty years) may be discussed.

From the date of signing the present agreement, the Union of Soviet Socialist Republics agrees that China has the right to redeem the Chinese Eastern Railway. At the time of redemption, the two Contracting Parties shall determine what the Chinese Eastern Railway had actually cost and it shall be redeemed by Chinese capital at a fair price.

(3) The Government of the Union of Soviet Socialist Republics agrees in a Commission to be organized by the two Contracting Parties to settle the question of the obligations of the Chinese Eastern Railway Company in accordance with Section 4 of Article IX of the agreement on General Principles for the Settlement of the Questions between the Union of Soviet Socialist Republics and China signed on May 31st, 1924, at Peking.[7]

(4) The Governments of the two Contracting Parties mutually agree that the future of the Chinese Eastern Railway shall be determined by the Union of Soviet Socialist Republics and China to the exclusion of any third party or parties.

(5) The Contract for the Construction and Operation of the Chinese Eastern Railway of August 27th / September 8th, 1896, shall be completely revised, in accordance with the terms specified in this Agreement, by a Commission of the two Contracting Parties in four months from the date of signing the present Agreement. Pending the revision, the rights of the two Governments arising out of this Contract, which do not prejudice China's rights of sovereignty, shall be maintained.

(6) The Railway shall establish, for discussion and decision of all matters relating to the Chinese Eastern Railway, a Board of Directors to be composed of ten persons, of whom five shall be appointed by the Union of Soviet Socialist Republics and five by China.

China shall appoint one of the Chinese Directors as President of the Board of Directors, who shall be ex-officio the Director-General.

The Union of Soviet Socialist Republics shall appoint one of the Russian Directors as Vice-President of the Board of Directors, who shall be ex-officio the Assistant Director-General.

Seven persons shall constitute a quorum, and all decisions of the Board of Directors shall have the consent of not less than six persons before they can be carried out.

The Director-General and the Assistant Director-General shall jointly manage the affairs of the Board of Directors, and they shall jointly sign all the documents of the Board.

In the absence of either the Director-General or the Assistant Director-General, their respective Governments may appoint another Director to officiate as the Director-General or the Assistant Director-General (in the case of the Director-General, by one of the

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[7] In this section the Soviet Union assumes responsibility for the entire claims of "the shareholders, bondholders and creditors" of the Chinese Eastern Railway incurred prior to the Revolution of March 9, 1916.

Chinese Directors, and in that of the Assistant Director-General, by one of the Russian Directors).

(7) The Railway shall establish a Board of Auditors to be composed of five persons, namely, three Russian Auditors, who shall be appointed by the Union of Soviet Socialist Republics, two Chinese Auditors, who shall be appointed by China.

The Chairman of the Board of Auditors shall be elected from among the Chinese Auditors.

(8) The Railway shall have a Manager, who shall be a national of the Union of Soviet Socialist Republics, and two Assistant Managers, one to be a national of the Union of Soviet Socialist Republics, and the other to be a national of the Republic of China.

The said officers shall be appointed by the Board of Directors, and such appointments shall be confirmed, by their respective Governments.

The rights and duties of the Manager and the Assistant Managers shall be defined by the Board of Directors.

(9) The Chiefs and Assistant Chiefs of the various departments of the Railway shall be appointed by the Board of Directors.

If the Chief of a department is a national of the Union of Soviet Socialist Republics, the Assistant Chief of that department shall be a national of the Republic of China, and if the Chief of a department is a national of the Republic of China, the Assistant Chief of that department shall be a national of the Union of Soviet Socialist Republics.

(10) The employment of persons in the various departments of the Railway shall be in accordance with the principle of equal representation between the nationals of the Union of Soviet Socialist Republics and those of the Republic of China.

[NOTE.—In carrying out the principle of equal representation, the normal course of life and activities of the Railway shall in no case be interrupted or injured, that is to say, the employment of the people of both nationalities shall be based in accordance with experience, personal qualifications and fitness of the applicants.]

(11) With the exception of the estimates and budgets as provided in Section XII of Article I of the present agreement, all other matters on which the Board of Directors cannot reach an agreement shall be referred to the Governments of the Contracting Parties for a just and amicable settlement.

(12) The Board of Directors shall present the estimates and budgets of the Railway to a joint meeting of the Board of Directors and the Board of Auditors for consideration and approval.

(13) All the net profits of the Railway shall be held by the Board of Directors and shall not be used pending a final settlement, in a joint Commission, of the question of its distribution between the two Contracting Parties.

(14) The Board of Directors shall make a complete revision, as soon as possible, of the statutes of the Chinese Eastern Railway Company, approved on December 4th, 1896, by the Tsarist Government in accordance with the present Agreement and not later than four months from the date of the constitution of the Board of Directors.

Pending their revision, the aforesaid statutes, in so far as they do not conflict with the present Agreement and do not prejudice the rights of sovereignty of the Republic of China, shall continue to be observed.

(15) As soon as the conditions of the redemption by China of the Chinese Eastern Railway are settled by both Contracting Parties, or as soon as the Railway reverts to China upon the expiration of the time limit as stipulated in Section II of Article I of the present Agreement, all parts of this Agreement concerning the same shall cease to have effect.

As may be gathered from the text, the agreements contemplated the redemption of the railway by China. Pending this final step they provided for such adjustment of details on the principles already laid down as related to the obligations of the Railway Company, the terms of the original contract, the distribution of profits, the rights and duties of the Manager and Assistant Managers and the regulations governing the operation of the railway. On account of the civil war which broke out shortly after the Peking agreements were signed and which lasted practically until the summer of 1928, none of the provisions have been carried out up to the time of writing (September, 1929), not even that relating to the rights and duties of the managers, which needs immediate attention.

Under the old regime the manager of the railway, being the highest authority on the spot, was as a matter of policy given almost unlimited power. The arrangement, of course, was not compatible with the new condition of things, in which the Board was no more to sit in Peking or St. Petersburg, but in Harbin, and the management became Sino-Russian instead of purely Russian. On December 1, 1924, the Board appointed a committee to revise the statutes of the Company as provided in Section 14 of Article I of the Mukden agreement, and the question naturally came up for discussion. On the 26th the committee had its first meeting.

If Russia ever intended to admit China to the joint control of the railway she had changed her mind by this time. It is evident that with a Board consisting of Russians and Chinese in equal number to decide by a majority of its entire membership neither party would be able to put across measures against the wish of the other. It was therefore but fair that the basis on which it was to work should not give undue advantage to one party against the other. Russia, however, ignored this. In January, 1925, the Russian members of the committee submitted a memorandum proposing not the limitation, but the extension of the power of the manager, and when they came to meet with their Chinese colleagues on the 13th of the month they so insisted upon their point of view that a deadlock immediately resulted. After that the committee never met again for the next ten months. On October 23rd another attempt was made to reach an agreement, but this occasion proved to be no more successful than the former.

In the meantime something more unfortunate than the disagreement relating to the power of the railway manager developed. It was in the winter of 1925 that the Mukden government with which Russia had to deal concerning the affairs of the Chinese Eastern Railway began to engage itself in war against parties that happened to maintain close relationship with Russia. In order to be true to her friends Russia did not fail to render them material assistance even to the point of injuring the Mukden government. Of this the most well-known instance was the refusal of the Manager of the Chinese Eastern Railway in January, 1926, to transport Mukden troops without being paid in advance as heretofore, which resulted in the Mukden government's resorting to force to compel compliance. Such a kind of atmosphere was naturally not conducive to a settlement of differences. On the contrary, it bred distrust and intensified feelings, until finally both parties were less willing to compromise and more prone to resort to independent action. It is said that in the months before the recent deportation case the Board presented the scene of two hostile camps engaged in defending and attacking the railway manager for exceeding his authority. What transpired in last July after the raid of the Russian consulate-general at Harbin was therefore not a surprise at all.

VII. SINO-JAPANESE STRUGGLE RENEWED

Ever since the early unsuccessful attempt at solution, the central government in China has done practically nothing in the way of meeting the Japanese advance in Manchuria. The Regency of the last days of the Manchu dynasty was incompetent. The central government of the first years of the Republic was too much occupied with larger problems of national reorganization. The Anfu Club that succeeded it even attempted to sell Manchuria to Japan. For more than a decade Japan had her way with Manchuria. This undoubtedly counts just as much towards the success of Japan before the Washington Conference as the favorable world situation described above.

The overthrow of the Anfu Club in 1920 did not improve matters, because, as indicated by the civil wars that followed, the central government practically ceased to exercise any authority over the country, still less to formulate and carry out policies. But nature is its own remedy. Through the gradual disintegration of the central authority there slowly evolved in Manchuria a power that was capable of meeting the need. Under the leadership of Chang Tso-lin the Mukden government began to take the matter into its own hand step by step until it was eventually able not only to revive the policies of earlier days, but also to carry them to such success as would have made the original promoters of those policies envious.

We have had occasion to speak of the promises relating to certain projected railways which Japan was able to secure from China in 1913. Among these promises the one that related to the Ssupingkai-Chengchiatun line was the first to which Japan devoted her attention, and on December 27, 1915, China was induced to sign an agreement for a loan of 5,000,000 *yen* with the Yokohama Specie Bank for the construction of the first leg to Chengchiatun. According to the agreement the term of the loan was to be forty years, amortization of the principle was to begin with the eleventh year, and China reserved to herself the right to pay off part or all of the loan after the last-mentioned date. The loan was guaranteed by the Chinese government and secured on the property and revenue of the line. During its service the Chinese Director-General was to appoint a Japanese Chief Accountant. In return for the favor of the loan the Director-General was to appoint a Japanese Chief Engineer for the construction of the railway as well as a Japanese Traffic Manager and a Japanese Engineer for its operation. In addition China undertook to give preference to the Bank in the event foreign capital was needed for the construction of an extension or a branch line. It was further provided that the nominal value of the bonds was to be determined by the Bank; that should the money market prove to be unfavorable, extension was to be granted to the Bank for carrying out the provisions of the agreement; and that the Bank was authorized, with the consent of the Director-General, to transfer the rights and obligations to another Japanese subject or to entrust them to another person as its attorney. The loan was floated at a discount. After deducting this and the commission to the Bank it brought China only 4,050,000 *yen*. In addition the purchasing power of gold had declined on account of the European War. As a result China had to contract a short term loan of 2,600,000 *yen* from the Bank in February, 1918, before the line could be completed.

After the completion of the line Japan became active again, and on September 8, 1919, China was induced to sign another agreement, this time with the South Manchurian Railway Company, for a loan of 45,000,000 *yen* for the construction of the second leg to Taonan as well as a branch line to Chengchiatun on practically the same terms as the 1915 agreement. At the same time through an exchange of notes with the Bank China was also made to recognize the acquisition of the rights and obligations of the 1915 agreement from the Yokohama Specie Bank by the Company.

The enterprise was, however, fated from the beginning. It was already a year since the last of the Nishihara Loans was made. By this time the Anfu Club was evidently again in need of money. They applied to the Company and on November 15th an advance of 5,000,000 *yen* upon the loan was made to them. Next, the condition of the money market was unfavorable for the flotation of the loan. Although the plan of construction was carried out just the same with short term loans made by the Company from time to time, it involved high cost in material, capital, and human service. On May 11, 1920, the first short term loan of 10,000,000 *yen* was made partly to pay off the advance made to the Anfu Club and partly for the construction of the railway. From that time new loans were made every year and old loans were consolidated until by 1925, a little more than a year after the completion of the work, the railway owed the Company 32,000,000 *yen* on account of the new projects. It is estimated that in 1925 the liabilities of the Ssupingkai-Taonan Railway were 37,576,000 *yen* while assets were only 14,526,000 *yen*.

In the meantime Japan did not forget the projected line from Changchun to the Tumen to be there connected with Korean railways leading to the coast, over which line she had been busy ever since the days of the Peking Conference. We have seen above that through the Nishihara Loans Japan had obtained a commission for the operation of the Kirin-Changchun Railway, for the South Manchurian Railway, and had committed the Anfu government to the construction of the Kirin-Hueining Railway. In the last of the two moves Japan had evidently overshot herself, because with a liability of 10,000,000 *yen* attached to a project even the Anfu government itself became less ready to comply with Japanese wishes, and nothing was done for several years. In the end Japan was compelled to change her tactics.

In the same year when the advance was made upon the proposed loan for the Kirin-Hueining Railway, through some private Japanese initiative a Sino-Japanese company was organized for the construction of a light railway between the Tumen and Tienpaoshan ostensibly for the transportation of the products of mines at the latter place then being prospected, but on account of the strong opposition of the local gentry nothing was done for several years. As the proposed line covered practically the eastern end of the Kirin-Hueining Railway, it must have appeared to Japan a worthy project in view of the failure of the Nishihara Loans scheme. However this may be, diplomatic pressure was brought to bear upon China on its behalf, until in 1921 the central government was moved to make an investigation into the matter. Before any decision was reached, however, civil war broke out, resulting in the assumption of autonomy by the Mukden government. At this juncture (August, 1922), the company started work on the line without waiting for further action on the part of China. Diplomatic correspondence ensued. In the end a compromise was reached. According to an agreement signed in November, 1922, between the provincial government of Kirin and the Japanese promoter, the railway was made a joint enterprise of the two parties with a capital of 4,000,000 *yen* to be supplied in equal proportion. The concession was stated to be thirty years, beginning from March 16, 1918, during which the Chinese government was free to exercise the right of redemption at a fair price.

The idea of building the Kirin-Hueining Railway by sections having proved to be practical Japan followed it up by approaching China in the spring of 1923 for the construction of the western section, namely, from Kirin to Tunhua. For reasons which can be best interpreted from the subsequent events the local authorities fell in with the plan and by September entered into a preliminary agreement with the South Manchuria Railway Company for carrying out the project.

According to the final agreement signed by the central government in October, 1925, on the basis of the preliminary agreement the Company was to build the railway for China. For this purpose it was to advance 18,000,000 *yen* for the work and to act as the purchasing agent abroad. The work was to be carried out under the supervision of the Chinese Director of the railway who was to engage a Japanese Chief Engineer during the period of construction. The advance was to bear interest from the date the work was completed and to be paid back one year thereafter subject to extension by negotiation. It was to be secured upon the property and revenue of the railway. During its service the Director was to engage a Japanese as Chief Accountant. It was further provided that any transfer of rights enjoyed under the agreement was subject to the approval of the Chinese government, and that, as there was the "necessity" of placing the line with the Kirin-Changchun Railway under one administration, the Chinese government would take up the matter with the Company before the completion of the work. At the same time a number of notes were exchanged between the parties. One stated that should it prove necessary to distribute the payment of the advance over a long period, thirty years would be taken as the limit, right being still reserved for China to liquidate the debt any time she was ready. Another stated that while the Company promised to consider the modification of the agreement relating to the Kirin-Changchun Railway when the question of its joint administration with the new line came up for discussion, China engaged to devise means for the extension of the railway from Tunhua in the interest of the existing sections.

In the meantime Japan did not neglect Eastern Inner Mongolia. Shortly after the preliminary agreement for the construction of the Kirin-Tunhua Railway she also proposed the extension of the Ssupingkai-Taonan line to Anganchi. For reasons similar to the former case the local authorities again consented and on September 3, 1924, entered into an agreement, this time also with the South Manchurian Railway Company, to give effect to the proposal. According to this agreement, which was registered with the central government in the following year, the Company undertook to construct the railway on behalf of China at the cost of 12,920,000 *yen* to be paid at the completion of the line, or to be converted into a long term loan of forty years at the lapse of half a year thereafter. The loan was to be secured upon the property and revenue of the line. Amortization of the principal was to begin with the eleventh year. China, however, was free to pay off part or all of the loan any time from the beginning when she was ready. But before her financial obligations were met, she was to engage an adviser nominated by the Company, who was to be in charge of the accounts of the railway and to serve as the representative of the Company.

The granting of the concessions to Japan to construct the Kirin-Tunhua and Taonan-Anganchi Railways formed a turning point in the history of Manchuria. It marked at once the highest point of Japanese success in casting Japan's railway net over the country, and the beginning of Chinese activities to extend China's own system in place of her neighbor's. Railway extension as a necessary condition to the development of the country must have been as evident to the new power that came to will the destiny of Manchuria as to the set of men entrusted with the reconstruction of the country in the days following the Russo-Japanese War. This seems to have accounted for the readiness of the Mukden government to meet Japanese wishes where it could have easily flouted them. But if this be so, how much more must the necessity of railway development by its own initiative and capital have appeared to the Mukden government, especially when it began to realize the significance of foreign activities with a political motive behind them! Within a period of three years, therefore, it started work on four railways, Mukden-Hailung in 1924, Hulan-Hailun and Tahushan-Tungliao in 1925 and Kirin-Hailung in 1926.

With the projection of these railways a reaction, however, was created in Japan. By charting these lines on the map together with lines she had already built for China she discovered that the Chinese could soon move from the coast to eastern Manchuria, Eastern Inner Mongolia and North Manchuria quite independently of the South Manchurian Railway, and jumped to the conclusion that her position in Manchuria was menaced. Before long measures were advocated to counteract such a contingency. It was urged that Japan build a new system of railways with its terminus at one of the ports in northeastern Korean coast comparable to the South Manchurian Railway. This was to be done by completing the Kirin-Hueining Railway and by building two new lines, one from Changchun to Talai on the Sungari and another from a point on the Tumen to Hailin on the Chinese Eastern Railway. It was also urged that Japan expand the system branched out from the South Manchurian Railway at Ssupingkai by building two extensions one from Taonan to Solun and another from Tungliao to Jehol.

While these railway plans were being mooted, a new situation arose in which Japan saw her opportunity to strike. It was in the spring of 1927 that the Nationalists by their success along the southern section of the Peking-Hankow and Tientsin-Pukow Railways began to threaten the power of the Mukden government. It must have appeared to Japan that by some subtle form of intervention in which she was in a position to decide the fate of the parties she would be able to obtain whatever she wanted from them. When the Nationalists had occupied the Lunghai

Railway and surged into the province of Shantung and the time seemed ripe, she acted. Troops were immediately rushed to Shantung to be stationed on points between Tsinan and Kaiochow, and a conference was called to discuss policies at Tokio.

The conference met on June 27th and was attended by the leading officials in the War and Navy Ministries of Japan, the Commander-in-Chief of the Kwantung Army, the Governor of Kwantung, the Minister to Peking and the Consuls-general at Mukden and Shanghai. In the conference policies were outlined for Manchuria and Mongolia and measures adopted for the promotion of Korean immigration, for the development of railways, and for the reorganization of the instruments through which these policies and measures were to be carried out, such as the South Manchurian Railway Company and the colonization department of the Japanese government. On July 7th, at the close of the conference, a statement was issued. The basic principle of Japan's policy towards China, it declared, was "the maintenance of peace in the Far East and the realization of the common prosperity of Japan and China," but the methods of carrying out the principle might vary in its application to "China proper" and to "Manchuria and Mongolia" in view of our special position in the Far East." Referring to "Manchuria and Mongolia" it said:

> Since Manchuria and Mongolia, particularly The Three Eastern Provinces, have an important bearing upon the national defence and existence of this country, we must devote especial attention to those regions. We feel, moreover, particular responsibility as a neighbor for making them suitable for the residence of both Japanese and foreigners by the preservation of peace and their economic development.
>
> The stimulus of the economic activities of Japanese and foreigners alike in both the southern and northern parts of Manchuria and Mongolia, based upon the principles of the Open Door and equal opportunity, we hold to be instrumental in accelerating the peaceful development of those regions and we should act in accordance with this principle in safeguarding our already acquired rights and interests and in solving pending questions.
>
> I [the Premier] believe that it will be best to leave stabilization of the political situation in the Three Eastern Provinces in their own hands. Any plan which will respect our special position in Manchuria and Mongolia and devise measures for stabilizing the political situation there will receive the due assistance of the Japanese Government.
>
> If the disturbances spread to Manchuria and Mongolia, and as a result, peace and order are disrupted, thereby menacing our special position and rights and interests in those regions, we must be determined to defend them, no matter whence the menace comes, and take proper steps without loss of time in order to preserve the regions as lands for peaceful habitation and development equally to Japanese and foreigners.

Either because of the presence of Japanese troops in Shantung or of the dissension among the Nationalists themselves the Nationalist advance collapsed before the conference was hardly over. In the meantime Japan on the one hand took up with the Mukden government the question of the railways as well as questions which her spokesman at Peking declared to be "nothing that remotely concerns or resembles the Twenty-one Demands or any demands," and on the other started negotiation in New York for a loan of $30,000,000 gold, evidently for carrying out projects in which some of the questions raised in Peking were involved.

If Japan had thought that she was going to deal with another Anfu Club, she must have been greatly disappointed. The Mukden government not only refused to entertain the proposals, but through its spokesman openly protested against approving the New York loan. In the meantime, as usual with this kind of aggression from Japan, the people throughout the country staged public demonstrations as protests. Even in Manchuria where the people had been less articulate, anti-Japanese agitation ran high. In the city of Mukden alone 40,000 people participated in a parade for the denunciation of the Japanese attempts. In the end Japan was compelled to mark time. The next few months only witnessed some outbursts of Japanese passion as indicated by the anti-Chinese riots in Korea in December and Japan's insistence upon the ratification of the draft agreement concerning through traffic between the Mukden-Hailung and South Manchurian Railway in April.

In the spring of 1928 the Nationalists again moved northward with Peking as the objective, and Japan as in the previous year despatched troops to Shantung and stationed them at points between Tsingtao and Tsinan. Into the details of the Tsinan Incident of May 4th which was a direct result of the presence of Japanese troops in Shantung we do not need to enter. Suffice it to say that as a result of that episode a twelve-mile zone was established by Japan along the Kiaochow-Tsinan Railway, through which no Chinese troops were allowed to pass.[8]

After a year's recuperation the Nationalists had not only healed the divisions among themselves but had also grown much stronger. In consequence the check they received in Shantung did not prevent them from pushing ahead, and within a fortnight the Peking region was threatened. It is difficult to tell whether Japan availed herself of the opportunity to offer her "due assistance" to the Mukden government for some "plan which will respect our special position in Manchuria and Mongolia and devise measures for stabilizing the political situation there." If she did, she must have failed, for on the 18th she sent a memorandum to the Mukden government and three principal commanders of the Nationalist army, in which she said in part:

> The Japanese government attach the utmost importance to the maintenance of peace and order in Manchuria, and are prepared to do all they can, in order to prevent the occurrence of any such state of affairs as may disturb the peace and order, or constitute a probable cause of such disturbance.
>
> Under these circumstances, should the disturbances develop further in the direction of Peking and Tientsin and the situation become so menacing as to threaten the peace and order of Manchuria, the Japanese government, on their part, may possibly be constrained to take appropriate and effective steps for the maintenance of peace and order in Manchuria.

The previous day she also handed to the representatives of the United States, Great Britain, France and Italy at Tokio the following statement:

> Should the life and property of foreigners residing in Peking and Tientsin be en-

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[8] In the winter of 1925 during the revolt of Kuo-Sung-lin against the Mukden government a similar zone extending six miles on each side of the South Manchurian Railway was established by Japan in which both parties were warned not to carry on hostilities.

dangered, the Imperial government will not only undertake to protect Japanese residents, but will endeavor to assist in the protection of lives and properties of foreigners. Should Manchuria and Mongolia come to be involved in disturbance, the Imperial government will prevent, as much as possible, defeated troops or those in pursuit of them, questioning not whether they are southern or northern troops, from entering the territory, as such is necessary for the protection of the special position of the imperial government in Manchuria and Mongolia."

Following the foregoing statements Japan moved the headquarters of the Kwantung Army from the leased territory to Mukden.

On June 2nd Marshal Chang Tso-lin the head of the Mukden government ordered a general retreat of the Mukden army and left Peking for Manchuria himself. At half past five on the morning of the 4th, while his train passed under the bridge of the South Manchurian Railway outside of Mukden a mine exploded, destroying the bridge overhead and the cars in which the Marshal travelled, and inflicting upon him wounds, of which he died shortly afterwards.

The death of the Marshal, strange to say, did not "disturb the peace and order, or constitute a probable cause of such disturbance" in Manchuria as the friends of China feared and her enemies hoped. Instead, his son quietly assumed his mantle as the leader of the Mukden government and a new day seemed to dawn in which China's sovereign rights in Manchuria appeared likely to be more protected. It remained, however, for the rulers of Japan of the day to make the last attempt to turn back the hands of the clock. On the occasion of the new leader's decision to join the Nationalist government and bring the civil war to a close, warning against such a course was served to him. Either because of this measure of foreign intervention or because of more complicated internal politics the people of Manchuria, therefore, did not come to see the White Sun and the Blue Sky until the 29th of December.

XIII

JAPAN'S POSITION IN MANCHURIA

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PREFACE

This monograph is a result of the research conducted by Prof. Masamichi Royama of the Tokyo Imperial University.

The questions concerning Manchuria cannot, of course, be treated fully in a brief survey. This is an attempt on the part of the Japanese Council to furnish some data which might contribute to the fruitful discussion of the Manchurian situation. The Japanese Council was fortunate in securing the continued services of Professor Royama, who as a student of international politics is well qualified to present a report on "Japan's Position in Manchuria."

The author alone is responsible for the contents. Both he himself and the Japanese Council, however, will appreciate any comments or corrections which will enable him to revise and improve this work.

Research Committee, The Japanese Council, Institute of Pacific Relations

FOREWORD

The so-called Manchurian problem is a highly complicated one. In order to understand it in all its phases it is necessary to make clear the respective positions of Russia, China and Japan, and to examine the inter-relations of these positions, for herein lies the heart of the Manchurian problem. Since this paper deals only with Japan's position in Manchuria, it is intended to throw light on only one important phase of this complex problem.

With the object of making clear the position of Japan and of the Japanese in Manchuria, I have arranged the materials in hand under the following divisions:

1. Japan's historical and geographical relations to Manchuria.
2. Japan's political rights in Manchuria.
3. Japan's economic interests in Manchuria.
4. Japan's cultural achievements in Manchuria.

When I speak of Japan and the Japanese, may I say that for the purposes of this study I have in mind also Korea and the Koreans. It is true that because of the importance of this phase of the question, a separate and independent study should be made of the position occupied by the Koreans in Manchuria. However, the exigencies of time have made it impossible for me to gather the material necessary to present this aspect of the problem. This must therefore be deferred to a later time, or left to some one better qualified to undertake it. This accounts for the comparatively few references to the Koreans in this paper.

The materials for the present investigation have been taken mainly from those already collected by Japanese authorities on Manchurian affairs. Especially do I owe much to the researches published by the Investigation Bureau of the South Manchuria Railway Company, as well as to the work done by a special committee on Manchurian questions appointed by the Japanese Council of the Institute of Pacific Relations; without this cooperation it would have been next to impossible for me to write this paper. Although I have made use of this material and of opinions on the problem so far made public, the selection and criticism have been made entirely according to my personal views for which of course I alone am responsible. I may add, however, that I have endeavored to collect as much material as possible and have tried to make the best use of it for the purpose of reaching a correct understanding of the facts, and of making clear the position occupied by Japan in Manchuria.

Above all this presentation of facts and opinions, there looms the question still as to how the Manchurian problem is to be solved. It is indeed a grave question, but one that is beyond the scope and object of this paper.

I wish to take this opportunity of thanking Mr. S. Komura, Mr. A. Jorgensen, Mr. and Mrs. S. Matsumoto, and Mr. S. Uramatsu for care and labour expended in reading and correcting the manuscript of this paper. Their cooperation was of the greatest value.

M. ROYAMA

I. GEOGRAPHICAL AND HISTORICAL RELATIONS

The location and territory of Manchuria.—Manchuria is located on the northeastern borders of the Republic of China. To the east and north it borders on Russian Siberia, and to the west on Mongolia and China proper. Korea lies to its southeast, and the Liaotung Bay and the Yellow Sea to the south. The territory spreads from 38° 45′ to 53° 30′ N. lat., and from 135° 20′ to 115° 40′ E. long. It covers an area of 382,000 square miles, which is nearly as large as Egypt and about half the area of Mexico.

The territory is generally known to foreigners as "Manchuria," but in China it is commonly called "Tung-San-Hsing," or the Three Eastern Provinces, the name being derived from the fact that the territory is administratively divided into three provinces, Liaoning,[1] Kirin and Heilungkiang. The territory is also divided into "South Manchuria" and "North Manchuria." These names were first employed in Article 3 of the accessory agreement to the Russo-Chinese Treaty of 1898, and later in the Sino-Japanese Treaty. The boundary line between South and North Manchuria is by no means fixed but varies according to a number of considerations. In the first place, some authorities accept the administrative divisions and consider North Manchuria as including the two provinces of Heilungkiang and Kirin, and South Manchuria the province of Liaoning, commonly known as "Mukden," while others include only the province of Heilungkiang in North Manchuria, and place both Kirin and Liaoning in South Manchuria. In the second place, the boundary is fixed by two rivers, South Manchuria extending from the river Liao on the south, and north to the river Sungari. North Manchuria then lies north of the Sungari. The third method is to accept the railway zones as a basis of division. South Manchuria then includes the territory traversed by the South Manchuria Railway, while North Manchuria includes the section traversed by the Chinese Eastern Railway. Finally commercial interests are accepted as the basis, the section under Japan's commercial influence being called "South Manchuria," while that under Russian commercial influence is described as "North Manchuria." All these standards are, however, used for the sake of convenience, and are naturally subject to change with changing circumstances. It should be noted in this connection that these divisions are not used in China.

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[1] "Fengtien" Province was renamed "Liaoning" in March, 1929.

Nor are the boundary lines very exact between Manchuria and Inner Mongolia. They may, for example, be drawn in two ways depending on whether or not the territory outside of the long embankment from Kunkchuling going northward to Changchun, is included in Manchuria. Since the region once known as "Chemlimumeng," an old historical division, has long been subject to the actual administration of the provincial governments of Heilungkiang and Liaoning, we may consider that present-day Manchuria includes also the region extending from Tsungliao on the south to Taonan on the north, along the west side of the long embankment.

The physical and climatic features of Manchuria.—In its shape, Manchuria is like a winnower, with the Little and Great Khingan mountain ranges on the northwestern border and the Chanpai mountains on the eastern border; between them is a vast plain which includes the basins of great rivers, like the Nonni, the Sungari, and the Liao. In the north, the Sungari, the Nonni and the Tolaho rivers all flow into the Amur river, while in the south the main waterway is the Liao which flows into the Gulf of Pechili. The territory, amply irrigated by these grand waterways, is generally fertile, with a surface of black, rich soil covering especially the basins of the rivers Nonni and Sungari. This vast fertile plain produces the soya bean, kaoliang (a variety of Millet), Bengal grass, wheat, etc. in abundant quantities. Most of these rivers are also deep enough for shipping facilities. Along the Sungari and the Liao, for instance, boats can move far into the interior; in fact these two waterways constituted the main arteries of traffic prior to the development of railway transportation.

The greater part of Manchuria lies within the temperate zone. Manchuria is situated in approximately the same latitude as Great Britain, France, Germany and the northern part of Japan, but unlike these countries, its climate is characteristically continental, because of its distance from the sea and its nearness to the Mongolian Desert. In winter, that is from October to April, the temperature in the northern part of Manchuria falls as low as 30 to 40 degrees below zero, and in the southern part to about 20 degrees below. This means that water freezes in houses and of course in the rivers. The severest season in the winter extends from the first ten days of January to the second ten days of February. During the cold season, however, a high atmospheric pressure frequently develops in the Yangtze valley and a low atmospheric pressure in Mongolia, thus bringing warm, southerly winds to the north. This explains a peculiar climatic condition in Manchuria which is often described as "three colds and four warms." When the winter is gone and the spring comes on, the temperature rises rapidly and the whole land is suddenly covered with flowers. During July and August, there is a very heavy rainfall, which in quantity amounts to nearly one half the total annual rainfall of from 500 to 700 millimeters. Although the temperature is high in August, the heat is not so unbearable as in Japan owing to the absence of humidity. In the middle of September cool autumnal weather sets in and by the latter part of the month the first frost visits the interior.

The atmosphere being generally dry and the snow and rainfall slight, the land is frozen over in winter, thus affording good facilities for traffic all over the country. Owing to the frozen condition of the soil there has been considerable development throughout this territory of the type of agriculture which thrives best in cold dry weather and for which there is no need of fertilization. The Japanese who come to Manchuria from their native country, where it is warm and damp, generally require three or four years to become acclimatized. The fact that the Japanese did not at first know how to adapt themselves to the new environment or to use the proper methods of farming is said to explain in part why Manchuria did not absorb a larger proportion of Japanese farmers.

The area and the population.—No accurate survey has ever been made of the area of Manchuria, a fact that accounts for the divergences in the records. In 1916, the South Manchuria Railway Company, as a special undertaking of its Research Bureau, made an elaborate investigation into all the available records, and the result is considered to be the most accurate report on the subject that is available.[2] There has, however, been an increase in population since the last statistical report, owing to the development of the railway and the increase in immigrants, and a revised report has therefore been found necessary.[3] Table I is the latest information obtainable concerning the area and the population of Manchuria.[4]

TABLE I

ESTIMATED POPULATION AND AREA OF MANCHURIA

Province	Area in Square Miles (Estimated)	Population (Estimated as in 1928)	Density per Square Mile
Liaoning (Mukden)	90,224	13,591,100	151
Kirin	81,018	8,766,800	108
Heilungkiang (Amur)	211,385	5,154,900	24
Tung-San-Hsing (Three Eastern Provinces)	382,672	27,512,800	72

2. THE POLITICO-GEOGRAPHICAL ASPECTS OF JAPAN'S RELATION TO MANCHURIA

Japan is a country entirely surrounded by seas. When we observe the politico-geographical processes through which this insular country has come in contact with the Asiatic continent, we shall come to understand the potentialities and limits of Japan's relations with Manchuria. Although historically the relation between the two can be traced back far into the time of antiquity, it became a subject of politico-geography only quite recently.

The expansion of the boundaries of the Empire in all directions began with the Meiji Era in 1868. This territorial expansion became conspicuous in 1875, when

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[2] The S.M.R., *The Progress of Manchuria and Mongolia as Seen from the Population, the Arable Land and Agricultural Products,* (in Japanese, 1919).

[3] The S.M.R., "An Observation of the Development of Railways and the Population in Manchuria" (No. 3 of Vol. IX of the *Investigation Gazette.*)

[4] The S.M.R., *Report on Progress in Manchuria, 1907–1928,* p. 11.

Japan included as parts of its domain the Kurile islands to the north and the Loochoo islands to the south. This sudden expansion was inspired by the idea of national defence, which in turn found its explanation in Japan in the threatening visits of foreign navies, including that of Russia. The very fact that the extension of Japan's territory in those days was due to considerations of national defence brought about by apprehension of foreign influences, is worthy of special attention. This linking of territorial expansion and the urgency of national defence with fear of foreign aggression, is still found in the psychology of the Japanese people as well as of some Japanese statesmen.

The second expansion came after the Sino-Japanese War in 1895. According to the terms of the treaty with China, Japan obtained Formosa in the south and the Liaotung Peninsula in the north, and three years later, in 1898, she extracted from China the promise that the province of Fukien, opposite the Strait of Formosa should not be ceded to any foreign Power. In this way Japan for the first time established her boundaries on the continent in what might be termed a politico-geographical sense. In a short time, however, she was obliged to withdraw from the continent, owing to the joint intervention of three Powers. In this process of forcing Japan to relinquish the Liaotung Peninsula in spite of the treaty terms, Russia took the initiative.

By virtue of her subsequent victory over Russia in 1905, Japan entered upon the third period of her territorial expansion. By the terms of the Peace Treaty between Japan and Russia, the southern half of Saghalien (Karafuto) was ceded to Japan; Korea (Chosen) was made a protectorate; the Chinese province of Kwantung was leased to Japan; and a strip of land along the South Manchuria Railway came under Japanese administration. The Yalu River and the Tumen River, accordingly, became the physical boundary lines of the Japanese Empire on the continent.

The Sino-Japanese Agreement of 1915 gave Japan certain privileges in Eastern Inner Mongolia; she occupied temporarily the Kiaochou Bay and Shantung (1914-1923); in 1919 she sent an expedition to Siberia and for some time kept under her control the important Maritime Province of Russian Siberia; and a mandate was given to her over the former German colonies in the South Seas. Although Japan later had to restore Shantung and Siberia to their original conditions, these expeditions are significant in that they disclosed the peculiar method by which Japan's boundaries have been extended over neighbouring regions wherever she has come in conflict with other lands that were geographically near.[5]

In every one of these processes of expansion, the chief motive has been to remove an imminent crisis in national defense. Japan's policy, however, was not like the "closed door" policy of Tsarist Russia. On the contrary she has stood for the policy of the "open door" and "equal opportunity," and her actual expansion did not necessarily involve changes in the map. That is to say, the way of expansion in her case did not always mean the aquisition of territorial rights; in some cases it has meant economic expansion effected through economic activities such as the control of railways, navigation of rivers and fishing in the seas. This peculiar circumstance is due to the fact that the expansion of Japan's national frontiers has been made in consideration of national defense on the one hand and of economic interests on the other. In other words, it has been a method of national defense by economic means. In consequence it is a method that will surely undergo change in the future when the necessity of national defense has been more or less reduced by the adoption of better means of safeguarding international peace, and when a fairer system has been devised for the distribution of such natural resources as food stuffs and raw materials for manufacturing industries which are absolutely necessary for the economic life of any nation. Then, but not until then, will a change in method come.

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[5] K. Haushofer, *Grenzen in ihrer geographischen und politischen Bedeutung,* ss. 206–209.

With this historical background Japan and Manchuria have been coming into an ever closer contact. The distance between them has been greatly reduced by the development of transportation, more particularly by the progress of steamship services under Japanese management. The Korean and the Antung-Mukden Railway lines now connect with the South Manchuria Railway. The distance of 1587 miles between Tokyo and Mukden is covered in about seventy hours. Should future negotiations between Japan and China regarding the construction of the Kirin-Huining railway be brought to a successful conclusion through a better display of mutual confidence, the accessibility of Manchuria by way of the Japan Sea will be greatly improved. Recently an air route connecting Japan and Manchuria via Korea was opened tentatively, with a twelve hours schedule between Dairen and Osaka. Telephone connection between Manchuria and Korea was first effected in 1924, between the cities of Mukden and Heijo, followed by connections between Manchuria and various points in Korea in 1928.

The steamship connection between Japan and Manchuria is important not only as an economic activity, but also of course as a system of transportation. The Japanese steamship companies with regular services between Japan and Manchuria are the Nippon Yusen Kaisha, the Osaka Shosen Kaisha, the Dairen Kisen Kaisha, the Kinkai Yusen Kaisha, and the Awa Kyodo Kisen Kaisha. Of these, the Dairen Kisen Kaisha is the only company which has its base in Manchuria. It is financed by the South Manchuria Railway Company and with its 24 ships totalling 57,000 tons, maintains a regular service not only between Japan and Manchuria, but also between Korean and Chinese ports. During 1927, the ships which called at Dairen, classified by nationalities were: Japanese 5,115 (8,008,333 tons); Chinese 1,250 (1,001,810 tons); British 337 (921,802 tons); German 187 (690,960 tons); and American 102 (423,622 tons).

3. HISTORICAL DEVELOPMENT OF JAPAN IN RELATION TO MANCHURIA

The history of the diplomatic relations between Japan and Manchuria can be conveniently divided into two periods, the first period ends with the Meiji Restoration, and the second period begins with it. The second period is logically subdivided into two parts by the Russo-Japanese War.

Prior to the Meiji Era.—Connections with Manchuria prior to the Meiji Era were very sporadic and mainly through the Korean Peninsula. The first recorded commercial intercourse between Japan and Manchuria dates back to about 727 A.D., and continued for about two hundred years. Manchuria was dominated during those centuries by a kingdom with the historical name "Pechili," with Ninguta as its capital, located in the present Kirin Province. This kingdom was a tributary to China under the Tang Dynasty. It is difficult to discover the reason why this kingdom of Pechili sought intercourse with Japan, but probably it was due to the fact that communication between itself and China proper had been blocked by the uprising of a Tatar tribe, known as "Chitan," as well as to the fact that her ancestors, while they dominated the Korean Peninsula before their retreat to the territory then occupied, had had intercourse with Japan. It seems that the line of communication by land started from Ninguta, passed over the Harbarin Hill to Eastern Chientao, and thence to Lungyuan-Fu, which is on the left bank of the Tumen River near the present Khunchun. The overseas route began at the Posiette Bay moving across the Japan Sea to Japanese ports. The rulers of Japan wished the Pechilians to use Hakata as the port for communications between the two countries, but the Pechilians seem not to have heeded this desire.[6]

Apart from the relations with Pechili, there was no other direct friendly intercourse between Japan and Manchuria in those early centuries. The relations which had been established were interrupted when Japan lost her dominant influence over the southern part of the Korean Peninsula, and this resulted ultimately in the growth of antagonism between Japan and the Kingdoms which held sway over Manchuria and northern Korea. The Mongol Invasion of Japan in 1265, with a powerful army representing the Yuan Dynasty, was brought about by Japan's refusal to recognize the hegemony of the Yuan Court over Korea. The conquest of Korea in 1591 by Hideyoshi, a Japanese military leader, was due to the adoption of an oppressive policy in relation to the continent, but it proved entirely fruitless. The motive of Hideyoshi was to establish dominion over Korea in a contest with the Ming Government of China. According to historians,[7] Hideyoshi intended to use Korea as a sort of bridge between Japan and the Liaotung Peninsula. The warfare on the Korean peninsula indirectly brought about the decline and fall of the Ming Dynasty, followed by rebellions in Manchuria and the rise of the Manchu Dynasty. As soon as China was brought under Manchu rule, an order was issued to close Manchuria to exclude the Chinese (as distinguished from the Manchus) and all other aliens from the territory. Koreans were excluded on the eastern border. Under the Manchu administration, Korea still remained as the sole cause of critical relations between Japan and China.

During the Meiji Era up to the Russo-Japanese War.—Immediately after the Restoration in 1869, the Meiji Government found Korea a source of grave anxiety, and the determination of policies regarding the peninsular kingdom constituted a problem of great importance for the new Government. The difficulty was not caused by the domestic administration of Korea, but rather by the competition between Japan and China to establish hegemony over the kingdom and to station troops within its borders. The Sino-Japanese Agreement signed at Tientsin in 1884 was nothing but an agreement concerning the withdrawal and the future despatch of troops to Korea. The direct cause of the Sino-Japanese War which broke out in 1894 was the Tonghak rebellion in Korea, but the situation was made grave chiefly by China's violation of the Tientsin Agreement. The war, which broke out in Korea, resulted in a victory for Japan, and in a retreat of the Chinese army back to Manchuria, where it was ultimately overcome by the Japanese army. The Treaty of Shimonoseki concluded the war. By its terms Korea's complete independence was formally recognized by China. China also agreed to cede to Japan the Liaotung Peninsula in the southern part of the province of Fengtien (Mukden), and the islands adjacent thereto. However this provision of the treaty was frustrated by the intervention of the three powers, an episode that turned Japan's face to Russia.

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[6] The S.M.R., *The Past, Present and Future Relations between Japan and Manchuria*, pp. 24–25; Kunzan Inaba, *The Historical Development of Manchuria*," pp. 488–491 (Both in Japanese.)

[7] Kunzan Inaba, *op. cit.*, p. 503.

Russia, with her ambitious aggressive policy, was persistently extending her influence to the southeast over Korea, and to the south over the Liaotung Gulf and the Yellow Sea, thereby, making herself a potential disturber of the peace and order of the Far East. However, so long as Russia remained technically faithful to her pledge of maintaining the territorial integrity of China, Japan could not use any of the following facts, even if all of them were known to her at the time, as adequate reason for declaring war against Russia. These facts were the secret treaty between Li Hung-chang and Lobanoff in 1896, an aggressive and defensive alliance between Russia and China which contemplated Japan as the imaginary enemy, and the construction of the Chinese Eastern Railway as a joint enterprise of Russia and China. For as long as Russia maintained her friendship with China, and especially so long as she was faithful to China's territorial integrity, no matter what economic and political relations the former assumed toward the latter, Japan could not justify herself in going so far as to declare war on Russia.

When Russia's Far Eastern policy finally passed from the hands of Witte to those of Muravieff, it became notoriously tainted with an ambition for territorial acquisition. This was particularly noticeable in 1897 when Port Arthur and Dairen were virtually occupied by Russia, and especially when China was forced to conclude the treaty of March 27, 1898. The treaty contained several provisions which were a manifest violation of the underlying principle of the three Powers' intervention and also a bold defiance of the spirit of the secret agreement of 1896. A careful perusal of this Treaty and also of Russia's Imperial Ordinance based upon the Treaty, reveals clearly Russia's secret plan of territorial acquisition in Manchuria. Moreover, the plan was not confined to Manchuria, but extended to the northern frontiers of Korea, jeopardizing Japan's traditional policy of national defence. Japan now found herself in a most critical position among the powers. Against the mighty power of Russia, it was deemed necessary for her to make every possible concession. She proposed an agreement with Russia to recognize the latter's position in Manchuria on condition that Russia should not interfere with Korea. This proposal Russia rejected. Repeated humiliations led Japan to the conclusion that she would be forced to settle the dispute by an appeal to force. In the eyes of Japan therefore the war with Russia was an unavoidable outcome of the Korean problem as it manifested itself in the relations between Japan and Russia.

In this connection, the attitude and the responsibility of contemporary China constitute a problem worthy of careful attention. Not only in Japan, but also in other countries it has often been felt that China was responsible for the Russia-Japanese War and for Japan's consequent management of Manchuria. This is based on the opinion that the war was forced on Japan by the agreement of 1896 between Li Hung-chang and Lobanoff. Those who hold this opinion contend therefore, that China has no right—certainly no moral right—to protest against Japan's management of Manchuria.[8] It must be admitted perhaps that this argument concerning China's responsibility for the Russo-Japanese War is more hasty and provocative than convincing.

This much is quite clear, however, that the China of 1896 did unquestionably depend upon Russia for support in maintaining her "territorial integrity." She looked to Russia partly because of her suspicion of Japan as a rising Power in the Far East, and partly because of her distrust of Great Britain and the United States in regard to their declared "neutrality." China, adhering to her traditional diplomatic policy "to set one barbarian nation against another," committed a grave mistake in relying upon Russia's seeming good intentions in regard to the maintenance of her territorial integrity. Li Hung-chang harboured a burning desire for vengeance on Japan which led him to accept Russia's "friendship," although the Grand Secretary himself was not wholly blind to the danger involved. After all, those who would accuse China of being responsible for the Russo-Japanese War must remember that she made the mistake of trusting Russia too much and Japan

[8] Jinichi Yano, *Japan's Special Rights and Interests in Manchuria* (in Japanese), pp. 31–37. A similar view is held by Mr. Bronson Rea, editor-in-chief of the *Far Eastern Review*—"The Secret Sino-Russian Alliance of 1896" (reprinted in the *Japan Times*, Oct. 7, 1928). Mr. Y. Matsuoka, until recently vice president of the South Manchuria Railway Company, seems to be of the same opinion when he says: "Mongolia and Manchuria, which China at one time had all but abandoned to the mercy of Russian invasion, have under Japan's helping hands turned into lands of peace and security, steadily advancing in civilization and developing on economic lines, with promise of even greater things for the future. Of this phase of the question, I am sure, the intelligent people of China are well aware. But I find it necessary to add one fact. At the armament limitation conference in Washington, it was made known that the immediate motive or cause for the great Russian advance into Manchurian territory was the agreement into which Li Hung-chang of China had entered with Lobanoff of Russia. China, having made a secret arrangement with Russia, was to have offered facilities to the Russian army on its southward advance, making a common enemy of Japan. When so much is known of the truth of the matter, we may say that China should find no ground for complaint against Japan's entry into Manchuria or as to the situation there as regards her own interests. I may perhaps go so far as to say that it is China's duty to weigh this particular aspect of the matter in a cool and fair frame of mind, even as is now done, I am pleased to note, by some of the Chinese authorities" (*Economic Cooperation of Japan and China in Manchuria and Mongolia,* [1929]).

too little, a situation for which Japan is partly responsible in the sense that her attitude to her neighbor was interpreted as a menace.[9]

On the occasion of the Boxer Uprising in 1900, Russia took off her mask of "friendship," and sent a large army into Manchuria for the express purpose of turning the territory into a protectorate. Although these actions on the part of Russia were taken in connection with a change of ministries, Russia's ambition to make Manchuria a protectorate had been obvious for some time to any observer of events. China naturally found that Russia's demands were outrageous and also that such demands, when accepted by China, would cause a serious change in the international situation. But in spite of this China did not listen to the suggestion of the other Powers headed by Japan and Great Britain. At first she tried to moderate Russia's demands by suggesting the danger of intervention by these countries, but eventually she yielded. China really wanted to reject Russia's demands since they were contrary to the previously concluded agreement but she could not do so on account of Li Hung-chang's pro-Russian policy, a policy he adhered to tenaciously in order to ward off the influence of Japan and Great Britain. Under such circumstances, it was quite natural that Japan, Great Britain and the United States, especially the former two, should come out to make a protest against Russia's ambitious action in Manchuria. This joint protest bore fruit in the first Treaty of Alliance concluded between these two countries on January 30, 1902. The effect of the Anglo-Japanese Alliance soon became manifest. The Sino-Russian Treaty signed on April 8, of the same year, put an end to the long pending problems growing out of the Boxer troubles. Within one month from the date of the Treaty, it was agreed that Russia should begin the withdrawal of her troops from Manchuria.

After we have thus carefully followed the course of events that led up to the outbreak of the Russo-Japanese War, we begin to understand, in the light of Li Hung-chang's pro-Russian policy, China's proper share of responsibility for that great conflict. After the death of Li Hung-chang in 1901, China began to detach herself from Russian influence and to rely more upon Great Britain and the United States. More light was now thrown upon the cause of the Russo-Japanese war, when Russia, on April 18, 1902, ten days after the Treaty just referred to, presented to China further conditions of the withdrawal of her troops from Manchuria. This new action on the part of Russia was the logical result of the aggressive policy advocated by Bezobrazoff and his party and displayed an apparent intention to occupy Manchuria permanently. As this demand was utterly inconsistent with the treaty, China was under no obligation to accede. However, since China appeared to yield to the demand, Japan felt obliged to undertake direct negotiations with Russia on the subject. The consequent failure of these negotiations led to war. It was not because China's attitude at this stage of the relationships was purposely designed to bring on conflict between Japan and Russia, but was simply the result of her powerlessness to reject Russia's unreasonable demand, made in open denial of treaty obligations.

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[9] Professor Hsü writes in his book with regard to the alliance: "In spite of lack of the relevant documents, however, the course of China concerning the alliance is intelligible after we have followed the development of events so far. In view of the Japanese menace and Russian favor, it was neither desirable nor possible for China not to meet Russia in some way (*China and Her Political Entity* [1926]).

It may be very natural for the Japanese, if they were pressed by the Chinese, to take their stand on this historical fact in order to defend their present position in Manchuria, without giving adequate consideration to this delicate phase of international relations. Impartially speaking, however, these ways of arguing on both sides are rather detrimental to the real purpose of solving the Manchurian question.

Japan's post-war position in Manchuria.—As a result of the War the tables were turned in favor of Japan in Manchuria. She came into complete possession of the rights and interests in South Manchuria which Russia had been trying to obtain in the pre-war period. These were as follows: Korea was made a protectorate; a lease was secured over the province of Kwantung; the South Manchuria Railway was transferred to Japan's management; the southern half of Sakhalin was ceded to Japan. Given these rights and interests, Japan gained a new strength, which she conceived to be absolutely necessary for the maintenance of peace in the Far East. In the same light, the annexation of Korea is to be explained. The annexation was not exactly justifiable according to an extended interpretation of the terms of the Treaty of Portsmouth and other treaties, but was absolutely inevitable inasmuch as no other alternative could be found to put an end to the disturbed condition of Korea. A similar explanation might be applied to Japan's policy with respect to Manchuria as embodied in the commonly but erroneously designated "Twenty-one demands" of 1915, whereby among other things she demanded an extension of the terms of the Kwantung lease and of the South Manchuria Railway management. Japan viewed the substance of such demands as essential to the peace of the Far East.

From a consideration of this historical background, it is evident that Japan could not consolidate her position in Manchuria according to her own wishes, and regardless of the interests of other countries concerned. The matter was not so simple. After the war with Russia, Japan sought to maintain and strengthen her position by pursuing a policy with a three-fold emphasis. The first of these was constant advocacy of the principle of the "open door" and "equal opportunity." The fact that Russia, in her actions in Manchuria, had carefully violated this principle, was pointed out in Japan's declaration of war against her. Consequently it was necessary for Japan in her turn to act upon the principle which she urged upon Russia. If the words "open door" mean, as first used in John Hay's proposal, no discriminative treatment against a third party, at the same time recognizing certain special rights and interests guaranteed to any one power by legitimate treaty arrangements, and if the words "equal opportunity" denote a principle applicable to commercial opportunities, then Japan has from the very beginning been faithful to this principle. If, however, the principle comes to be construed so broadly as to be inconsistent with the rights and interests clearly established by treaties, then obviously Japan's rights and interests in Manchuria, as well as those of other Powers in China, at once become inconsistent with the principle of the "open door." As a matter of fact when, during the World War, Japan's demands in regard to Manchuria moved a step beyond their status following the Russo-Japanese War, the definition of the "open door" was naturally given a much wider significance than that given it by the Americans and others. These new conditions, to a certain extent, were recognized and confirmed at the Washington Conference of 1921. In other words, an enlarged interpretation of the principle of the "open door" has in general been accepted. For practical purposes a compromise was reached to the effect that existing interests arising from the rights already obtained by any power should be respected. Presumably such compromises between abstract principles and actual rights and interests will be repeated from time to time, and it is to be hoped that as a result of such compromises finer adjustments in international relations will be achieved.

The second policy pursued by Japan for the purpose of persuading other Powers to recognize and respect her position in Manchuria was to make agreements or ententes at every favorable opportunity with the Powers considered more or less interested in Manchuria. One of the objects of the Second Anglo-Japanese Alliance of August 12, 1905, was, as stated in the Preamble: "(c) The maintenance of the territorial rights of the High Contracting Parties in the regions of Eastern Asia and of India, and the defense of their special interests in the said regions." In the Preamble to the Third Anglo-Japanese Alliance of July 13, 1911, exactly the same clause was inserted.

Japan also made agreements on several occasions with Russia. In Article 1 of the First Russo-Japanese Agreement of July 30, 1907, each of the High Contracting Parties promised to "respect the actual territorial integrity of the other." America's proposal for the neutralization of the railways in Manchuria was the occasion for the Second Russo-Japanese Agreement of July 4, 1910: in Article 1, the High Contracting Parties agreed upon mutual friendly cooperation in respect to the improvement of each other's railways in Manchuria as well as in the arrangement of better railway connections; in Article 2, they agreed upon the maintenance of the status quo in Manchuria which is based upon all the treaties and agreements concluded between the two countries and China; in Article 3, they agreed that whenever the status quo seemed jeopardized, they would negotiate between themselves for the purpose of taking necessary steps to maintain the said status quo. The third agreement with Russia was concluded on July 3, 1916, during the World War, when Japan's position in the Far East was developing advantageously. In Article 1, Japan and Russia agreed that neither of them would become a party to an agreement or political combination directed against the other. In Article 2, the two countries agreed that when either party's territorial rights or special rights and interests in the Far East, recognized as such by the other party to the Agreement, were jeopardized under whatever circumstances, they would negotiate between themselves in order to take the necessary steps to protect and safeguard the said rights and interests.

In a similar manner Japan made an agreement with France on June 10, 1907, concerning "Regions in China adjacent to territory in which either party to the Agreement has sovereignty, protectorate or occupation." Desiring to maintain peace and order in such regions, as well as each other's position and territorial rights, they agreed to support each other for the safeguarding of peace and security in such regions. The Ishii-Lansing Pact of 1917 was also an understanding given by the American Government regarding Japan's position in Manchuria.

On the termination of the European War, all these individual or separate agreements concluded between Japan and other countries, being legacies of the realistic diplomacy of the 19th century, were swept away or modified as the result of the new international balances of power in China which emerged after the Great War. Particularly on account of America's advent in the Pacific and of the success of the revolutionary movement in China some readjustment was considered necessary. This was accomplished at the Washington Conference of 1921. The Nine-Power Treaty, to which all the countries interested in China, as well as China herself on some points, were parties, was symbolical of a new epoch in the history of Pacific relations. The extent to which the underlying principles and decisions of this Treaty brought about changes in Japan's rights and interests in Manchuria is now a fact well known to the world. When such multilateral international treaties, to which the Anti-War Pact has now been added, replace the more local or separate agreements, it will be very necessary to consider means of developing a proper organization for their full enforcement in order that international relations in the Pacific in general, and in the restless regions in particular, may be regulated and adjusted in harmony with the provisions and intent of these more comprehensive agreements.

The third policy adopted by Japan, though mentioned last, is by no means least. It has reference to her diplomatic dealing with China. In regard to Manchuria, China's sovereignty was limited by the treaty which conceded several rights to Japan. In the work of reconstruction in Manchuria following the Russo-Japanese War, it is only natural that Japan should have depended upon the cooperation of the Chinese Government, especially since China now for the first time included Manchuria within her own administrative domains. What has been the policy of Japan during these years? It cannot be described as invariably an open and above board policy. It must be acknowledged that, in order to achieve her own purposes, Japan has sometimes supported this party in China and sometimes that, on some occasions ignoring the central government and carrying on negotiations with regional governments. It is only fair, however, to take into consideration the fact that the Central government has not been firmly established and therefore not strong enough to exercise administrative authority over the whole country. In some cases the relations between the Central government and a regional government like that of Manchuria, have not been clearly defined. In other words, sovereignty in China has been incomplete in organization as well as function. Now keeping this in mind and recalling the sincerity of Japan's traditional policy, the fact remains undeniable that in her diplomatic dealings with China, so far as Manchuria is concerned, Japan's progress has been characterized by her sole desire to strengthen and enlarge her own position, disregarding often its psychological effect on the people of China. The Sino-Japanese negotiations in 1915, embodied in the so-called "Twenty-one Demands," illustrate this in a striking manner. Any fair-minded Japanese, willing to take a wider view of the proper relations between the two nations, would scarcely hesitate to describe his country's diplomacy in this matter as a "blunder."

Granting that the means which Japan employed for the purpose of acquiring treaty rights in Manchuria were in some respects regrettable, the Japanese people are unanimous in their conviction that these acquired rights are absolutely necessary in order to maintain Japan's position in Manchuria. However, in presenting and declaring this conviction and demand to China, the Japanese Government and people have not always been guided by one fixed principle throughout, irrespective of changes in the persons who were the real masters of Manchuria. This at any rate, has been true until very recently. The "advice" which Japan presented to China in regard to the relations between the Nanking Government and General Chang Hsueh-liang in 1928, was only an expression of her anxiety lest changes in the administrative agencies of the country might have a deleterious effect upon her position in Manchuria.

In recent times there have been many fundamental changes in the outward situation of Manchuria. These changes will almost certainly have far-reaching consequences. One of these was the unfortunate death of Marshal Chang Tso-lin. Another was the extension of the Nationalist power over Manchuria. The latest was China's action in connection with the Chinese Eastern Railway in North Manchuria. All these events, taken together, seem to indicate that it will be impossible for Japan to achieve success in her diplomatic dealings with China regarding Manchuria, should she in practice, even though not in form, adhere to her past policies. Under the new circumstances, a new principle and technique will be required to regulate the relations between Japan and Manchuria in future. The fundamental idea of diplomatic dealings regarding Manchuria must be harmony in the relations of Japan with China as well as in the wider relations of the Pacific area, and full recognition of the fact that Manchuria is a part of united China. Most important of all is the promotion of amicable feelings between China and Japan, for without this it will be the more difficult to settle the somewhat strained relations between them regarding the Manchuria situation.

II. TREATY RIGHTS

I. ITEMS OF THE TREATY RIGHTS HELD BY JAPAN

The preceding chapter gave a brief historical sketch of the international relations betwen China and Japan with regard to Manchuria. It is now in order to make clear the kind of "treaty rights" Japan holds in Manchuria.

For the sake of brevity, we quote only those treaty rights which Japan alone enjoys in Manchuria, and omit those which are shared equally by other powers through most-favoured-nation clauses. According to Professor J. Shinobu's study, which was made on behalf of the Japanese Council of the Institute of Pacific Relations, the treaty rights of Japan in Manchuria can be classified as follows:[10]

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[10] *Studies in Manchurian Questions,* "Series on Pacific Relations," 1929, No. 1 (in Japanese), published by the Japanese Council of the I.P.R.

1. Lease of Kwantung Province.
   Portsmouth Treaty (1905), Article 5.
   Treaty between Japan and China concerning Manchuria (1905), Article 2.
   Sino-Japanese Treaty (1915), Article 1.
2. Right to establish Japanese Settlements at Antung, Mukden and Yinkow.
   Additional Agreement to the Treaty between Japan and China concerning Manchuria (1905), Article 9.
3. Right to enforce the Promise of Non-Cession of Ports and Islands in China.
   Decree of the President, Official Bulletin of the Chinese Government (May 30th, 1905).
4. Jurisdictional Rights in Manchuria and Mongolia at large.
   Commercial Treaty between Japan and China (1896), Articles 21–22.
   Sino-Japanese Treaty (1905), Article 5, Clause 2.
   Agreement regarding Chientao (July, 1909), Article 4.
5. Right of Priority in the Employment of "Special" Officials. (That the Japanese Government has no intention of insisting upon this right was declared in a statement made by the Japanese delegation at Washington Conference).
   Sino-Japanese Treaty (1915), Communication Document, No. E.
   Agreement regarding the Chengchiatun affair, (1916).
   Agreement concerning the postal services in the attached region of the South Manchurian Railway (1922), in accordance with the resolution of the Washington Conference.
6. Demands regarding Administrative Regulations.
   Statements of the Chinese Government regarding Peace and Order in Manchuria, in the minutes of the Sino-Japanese Treaty (1905).
   Additional Agreement to the Sino-Japanese Treaty (1905), Article 5.
7. Right to operate the South Manchurian Railway.
   Portsmouth Treaty (1905), Article 6.
   Russo-Chinese Agreement at Berlin (1896), Article 5–6.
   Sino-Japanese Treaty (1915), Article 1, Additional Agreement (1915), Communication Document, No. A.
8. Other rights regarding railroad operation by consignment or on joint management.
   Sino-Japanese Agreement regarding the Hsinmin-Mukden railway and the Kirin-Changchun railway (1907).
   The additional agreement to the above Agreement of 1907.
   Chientao Agreement (1909), Article 6, regarding the Kirin-Huining railway.
   Agreement regarding the Manchurian problems (1907).
   Sino-Japanese Treaty (1905), Article 7.
   Communication Documents concerning the Four Railway Lines in Manchuria and Mongolia (1918).
9. Mining rights and priority rights in negotiations regarding the disposition of mining interests.
   Sino-Japanese Agreement regarding the five Manchurian problems (1909), Article 3.
   Sino-Japanese Treaty (1915), Communication Document, No. C.
10. Right of joint undertaking in forestry and priority in negotiations regarding the disposition of forestry.
    Sino-Japanese Treaty regarding Manchuria (1905), Article 4.
    Sino-Japanese Treaty (1905), Additional Agreement, Article 10.
    Lease contract concerning forestry and mining in Kirin and Heilungkiang Provinces (1918).

11. Rights based on the "accomplished facts" regarding the issuance and circulation of bank-notes.
    Issuance of the army certificates during Russo-Japanese War.
    Circulation of the sight bills issued by the Yokohama Specie Bank.
    Circulation of the bank-notes of the Bank of Korea (prohibited by force in the railroad zone of the Chinese Eastern Railway).
    Sino-Japanese Treaty (1915), Article 7.
    Communication Document regarding four railways in Manchuria and Mongolia (1918).
12. Right to establish post offices.
    Sino-Japanese Agreement (1922) according to the decision of the Washington Conference.
13. Right to operate telegraph and telephone services.
    A cable line between Dairen and Chiefu in accordance with Sino-Japanese Agreement concerning telegraphic service (1909).
    Founding of a wireless station at Dairen (1911).
    Resolution of the Washington Conference (Dec. 7th, 1921), Clauses 3–4.
14. Rights of holding land leases, of travelling, residing, and conducting business.
    Sino-Japanese Treaty (1915), Article 2–3.
    The same, Communication Document (1915), No. F.
15. Right to be consulted on matters of police regulations and taxation.
    Sino-Japanese Treaty (1915), Article 5, Clause 5.
    Communication Document, No. A (1915).
    Statements of Japanese Minister Hayashi made to Chinese Foreign Minister Wu. (October 18th, 1916 and January 5th, 1917).
16. Right to station railway guards.
    Portsmouth Treaty (1905), Additional Agreement, Article 1.
    Sino-Japanese Treaty concerning Manchuria, Additional Agreement, Article 2 (1905).

Of the rights enumerated above, those which the Japanese themselves regard as important are not many. The rest are either unimportant or merely so-called "paper rights." The important ones, (according to Prof. Shinobu), are the following six:[11]

1. Lease of Kwantung Province.
2. Right to operate the South Manchuria Railway and right to station railway guards.
3. Right of management on the commission of special railway lines and operation or construction of railway lines by joint (international) undertaking.
4. Right to undertake certain mining and lumber enterprises.
5. Right to issue and circulate bank notes.
6. Right of free residence in the interior of South Manchuria.

These rights may be divided into three categories according to their nature: (1) Rights of administration in Kwantung Province and in the Railroad Zone, a strip of land along the railway line attached to the South Manchuria Railway; (2) rights that are economic in character, such as rights to operate railroad, mining, and lumber industries, and the right to issue bank-notes, etc.; and (3) concessions, and other rights of private law such as the right to travel, the right to reside, and the freedom of enterprise.

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[11] *Ibid.*, p. 161.

We shall now see whether these rights are properly respected and utilized.[12] As to the rights of the second category, however, we shall treat them later in detail.

2. EXERCISE OF THE TREATY RIGHTS

a) The Organization of the Japanese Administration in Manchuria

Formation of the administrative system.—The Japanese administration in Manchuria is confined to the Kwantung Province and the South Manchuria Railway Zone. The establishment of military rule in the territory occupied by Japan during the Russo-Japanese War marked the beginning of the Japanese administration. The Kwantung Province became a leased territory in consequence of the Portsmouth Treaty. When the military administration was abolished in May, 1905, the civil administratioin took its place. It became operative when the office of the Governor-General of the Kwantung Province was established in August, 1906. But for the first thirteen years, the office of civil administration was still entangled with the military. The Office of the Governor-General of the Kwantung Province was in charge of military affairs in the Kwantung Province as well as the South Manchuria Railway Zone, and the Governor-General himself had to be a military officer. When the organization of the Office of the Governor-General was revised in April, 1919, the Kwantung Military Headquarters was established to take charge of the military administration. The chief of this headquarters was placed under command of the Minister of War, the Chief of the General Staff, and the Inspector-General of Military Education. In this way the military administration in Manchuria at present forms a system independent of the civil administration, and is under the control of the cabinet of the home government through the Minister of War.

At the time of the revision of the organization, the name was also changed to the Kwantung Government. Its authority remained unaltered except for the exclusion of the military administration from under its control. The duties of the government are jurisdiction over the Kwantung Province, the police administration in the South Manchuria Railway Zone, and the business inspection of the South Manchuria Railway Company.

At this point let me say a few words about the police administration exercised outside of the Kwantung Province. Originally there was the police department with the local branches to protect and regulate the railway lines of the South Manchuria Railway Company and to carry on the police administration in the Railway Zone. In addition to this, there was the consular police force which was responsible for the protection and regulation of the Japanese residents under its jurisdiction. Experience demonstrated the inconvenience of having two kinds of police in the same region at the same time. Since 1908 therefore the Japanese consular police force in Manchuria has been assigned to the administrative office of the Kwantung Government, thus bringing the entire police system into the hands of the Kwantung Government.

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[12] As to the existing rights of Japan in Manchuria and Mongolia based on treaties and other public agreements, see also A. Abiru, *The Special Position of Japan in Manchuria from an International Standpoint* (in Japanese), 1928, pp. 58–65.

All the departments of local administration in the Railway Zone except the police are in charge of the South Manchuria Railway Company. The nature of the administrative power is defined by the three treaties, (1) the Portsmouth Treaty, (2) the Russo-Chinese Agreement of 1896 respecting the building and control of the Chinese-Eastern Railway, and (3) the Sino-Japanese Treaty of 1905 concerning Manchuria. By the terms of the agreement of 1896 (Article 6, Clause 2), the company is given absolute and exclusive power of administration over the railway lines and the Railway Zone, including the right of acquisition of the sand, stone, and coal which are required for the building, control and operation of its railway lines. We understand that this administrative power was transferred to Japan by the Portsmouth Treaty and was recognized by China in the Sino-Japanese Treaty concerning Manchuria.

The authority with which the company carries out the administration is given by the Imperial Order of 1906, which imposes on the company the duty of making the necessary arrangements for civil engineering, education and sanitation in the Railway Zone, and at the same time grants the power to tax the residents in the Railway Zone for the expenses necessary to carry out these and other arrangements. This Imperial Order was not directed to the public but to the company. There are many foreign nationals, mostly Chinese, among the residents in the Railway Zone. Having regard to this fact, the company enacted, in 1907, certain regulations having to do with the residents in the Railway Zone, which are based upon the principles of contract. By these regulations, the lines of the administration were laid down and the company secured the authority necessary to enforce its decisions and to tax the residents for public expenses.[13] In the beginning the company invested the regular Japanese consuls with the authority of local administration, but today this is in the hands of its own officials. A consultative body was appointed to advise with the company on behalf of the residents in the Railway Zone, as soon as they were taxed for the public expenses. The appointment of the members of this consultative committee was at first done by the company, but since 1921 it has been done by general election.[14]

Establishment of the judicial system.—During the Russo-Japanese War, the judicial administration in relation to Japanese subjects in Manchuria was carried out by a military court established according to the laws of the home country, while in relation to the Chinese in the territories occupied by Japan, it was carried out under military regulations specially enacted. This was the beginning of the Japanese judicial administration in Manchuria. When a system of civil rule was established, part of the judicial administration was placed under the jurisdiction of the office of the civil administration, and the Court of the Kwantung Province was set up. After a brief transition period, the Court of the Kwantung Government was established in 1907 and invested with authority to carry out the judicial administration. The Court of the Kwantung Government belongs to the two-court system, with a series of local courts and one higher court. In the beginning, the administration was based partly upon local laws and usages and partly upon the Japanese civil and commercial codes. Since the judicature ordinance of the Kwantung Province was issued in 1909, the laws of Japan have in general been applied. Some simple cases were for a time dealt with by the police authorities, but since 1919 the local courts have taken complete charge, with the exception of registration.

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[13] The Research Bureau of the S.M.R. Co., *Past, Present and Future of Japanese-Manchurian Relations* (in Japanese), p. 137.

[14] The S.M.R., *History of Twenty Years of the South Manchuria Company* (in Japanese), p. 1051.

But the judicial cases within the zone of the South Manchuria Railway are under consular jurisdiction in accordance with the provisions of extra-territoriality of the Sino-Japanese Treaty. Within the limits of Japanese jurisdiction, however, special regulations are allowed for Manchuria, and for the more serious crimes preliminary examinations are made and appeals against the decisions of the consular courts are carried to the Higher Court of Kwantung.[15]

In such a judicial system arises the question as to the relation between the police power of the Kwantung Government and the consular jurisdiction. All civil and criminal cases in Manchuria are within the consular jurisdiction, and the Japanese laws are applied in all cases. As to the cases against the regulations of the police administration inside the Railway Zone, however, the application of the police regulations by the consular court is not self-evident. In other words, it is not clear whether the consular regulations which primarily are to be applied outside the Zone can be applied to the acts inside the Zone. A common opinion holds that the police regulations of the Kwantung Government can be applied by the consular court, because the said regulations are a development of the laws of the Japanese Government. If the acts are consecutive over the two administrative jurisdictions, the judgment and decision should be separately made. It is observed from this situation that the elements of extra-territoriality in the Railway Zone are closely interwoven with other elements in a confusing manner, at least in the case of the Japanese governmental system in Manchuria. It seems to me to be highly necessary that the legal nature of the administrative and the judicial jurisdiction over the Railway Zone should be clearly defined.

b) Administration of Kwantung Province

Jurisdiction and local administrative system.—Kwantung Province is situated at the southernmost extremity of the Liaotung Peninsula. Its strategical position together with its hinterland of limitless economic resources to the north, gives it a significance out of all proportion to its area of only 1,300 square miles. A Chinese delegate at the Washington Conference described it aptly as a *point d'appui*. The administration of Kwantung Province constitutes one of the three major fields of Japanese activities in Manchuria, the other two being the administration of the South Manchuria Railway Zone, and the economic activities of the South Manchuria Railway Company. In appreciating the results of Japan's administrative activities, it is not sufficient to take into account only the efficiency of the administration. We must not forget to study its cultural achievements if there are any. The crux of the matter is, what has the Japanese administration done, and what is it now doing, to maintain peace and order and to better the lot of the Chinese people as well as the Japanese residents. In a favourable answer to this question lies the only justification of imperialism.

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[15] An item regarding Consulate Courts in Manchuria, 1905, "The Statute," No. 52.

To begin with, let us glance at the local administrative system in Manchuria. This system has two general divisions, municipal administration and village (*hui*) administration. The former was set up in 1915 in Dairen and Ryojun (Port Arthur).

In the beginning, one-half the members of a municipal council were officially appointed while the other half were selected from citizens at large by the appointed councillors. This was, of course, not a system of self-government in any proper sense of the word.

In 1912 this form of government in the municipality of Dairen was improved by the adoption of a system of general elections. Since 1914 both in Dairen and Ryojun (Port Arthur), the system of general election has become a rule for the municipal council so far as the Japanese residents are concerned. The method of appointment still remains for the Chinese, there being now seven Chinese city councilors for Dairen and two for Ryojun (Port Arthur).

In view of this situation, it is appropriate to raise a question. While the Japanese in these cities have thus attained the right of self-government to almost the same degree as residents of Japan proper, what of the situation in which the Chinese find themselves? They constitute more than half the population of the city and yet they cannot elect their own representative to the municipal council. If we are told that such an abnormal condition is due to the delicate situation of a concession in foreign territory, we can only reply that for the sake of our mutual welfare and for the realization of better cooperation between the Chinese and the Japanese in the economic and cultural development of the city, it is absolutely necessary to devise a system whereby the Chinese may be able to reflect their interests and ideas directly in the municipal administration. Only by such means can they truly cooperate in public services and activities.

The present organization of the "village" as a unit of local administration has its origin in the local administrative usage prevalent in the time of the Manchu Dynasty. At first the administration of villages was carried out by the village masters, who relied entirely upon old usages, with the help and supervision of the police authorities. In 1919 when a set of new rules for village administration was made public, the village government became an auxiliary part of the Kwantung government. The village master was now made executive of the quasi-self-governing body, and the heads of the *chieh* and *tun,* two kinds of village subdivisions, were ordered to cooperate with the village master in the administration of the subdivisions. To develop this village organization into a real self-governing institution, was the task imposed upon the Provincial Government. For some years the government did practically everything within its power to educate and train the villages in the matter of self-government. Apparently the work was not entirely in vain for finally in September, 1915, the Village Administrative Regulations, which recognized the corporate right of the village, were promulgated. An advisory council was organized to help the village master, and the power to levy village taxes was legally granted to the village. In order to realize the aims of self-government in the villages, however, it seems quite necessary to effect a more complete democratization of the village government, either by making the village council entirely elective or by giving the power of choosing the village master to the council or to the villagers.

Generally speaking, the local administration of Kwantung Province, both in municipalities and in villages, has made notable advancement. In comparison with the situation before the Russo-Japanese War, when there was no self-government whatever, its present status is indeed a complete change for the better.

Yet, when measured by the standard of self-government reached in Japan and in other advanced countries, it is undeniably backward, especially in the limited range of municipal and village administration. This situation is due mainly to the reluctance on the part of the Provincial Government, and more specifically of its department of police administration, in handing over to self-governing bodies the local administrative functions that naturally belong to them. With reference to village administration in particular, we have a right to expect that in the near future progress will be made in giving villagers the right to choose their own principal administrative agencies.

Function and organization of the provincial government.—The central organs of administration in Kwantung Province are the governor, the secretariat, the Bureau of Home Affairs, the Police Bureau and the Finance Bureau. As auxiliary organs there are the Courts of Justice, the Procurator's Office, the Bureau of Communication, the Marine Bureau, the prisons, the schools, the experimental stations, etc. They may be tabulated as shown on the opposite page.

As the functions of the Kwantung Government are much the same as those of an ordinary government, they require no special description. It may be pointed out, however, that the two main features of governmental activities are the maintenance of order and the improvement of educational equipment. There is also a recent tendency to promote industries of various kinds. The relative importance of these administrative activities can be roughly estimated by the figures for these various activities in the budget of 1928–1929. Leaving out the revenues and expenditures of the governmental enterprises, the figures of which are undoubtedly the largest in the budget, the expenditure for police administration amounts to yen 4,079,815, and for educational activities to yen 2,269,563.

As to the money spent for the encouragement of industry, it is rather difficult to ascertain the exact amount. We know that there is an item "encouragement of industry" in the central budget, which totals yen 305,230, and a similar item in the local budget, which amounts to yen 106,378. These two make about yen 410,000. This, however, is not the whole amount spent for industrial encouragement. We must also take into consideration the personnel expenses and the equipment expenses, which are included in the general running expenses of the Central Office of the Kwantung Government. At any rate, the growing importance of these three fields of administration is obvious.

Finance and taxation system.—The financial organization of the Kwantung

- Governor of the Kwantung Government
  - Governor's Secretariat
    - Private Secretaries Section
    - Ordinary Secretaries Section
    - Foreign Affairs Section
    - Board of Councillors
  - Central Bureau
    - Home Affairs Bureau
      - Local Administration Section
      - Education Section
      - Industrial Affairs Section
      - Civil Engineering Section
    - Police Administration Bureau
      - Police Affairs Section
      - Peace Preservation Section
      - Sanitation Section
    - Finance Bureau
      - Accounts Section
      - Finance Section
  - Local Offices
    - Local Administration Office
      - Branch Offices
      - Primary School
      - School for Natives
    - Local Police Office
      - Branch Police Offices
  - Affiliated Offices
    - Courts of Justice
      - High Court
        - Court of Cessation
        - Court of Appeal
      - District Court
    - Procurator's Office
      - Procurator's Office for District Courts
      - Procurator's Office for High Courts
    - Prisons
      - Branch Prisons
    - Communication Bureau
      - Post Offices
        - Branch Post Offices
        - Telephone Stations
        - Telegraph Stations
      - Telephone Offices
      - Telegraph Offices
    - Marine Bureau
      - Branch Marine Bureaux
    - Schools
      - Port Arthur Engineering College
      - Middle Schools
      - Girls' High Schools
      - Normal School (for natives)
      - Agricultural School (for natives)
      - Police Training School
    - Meteorological Observatory
    - Temporary Land Investigation Office
    - Museums
    - Government Hospitals
      - Port Arthur Hospital
      - Port Arthur Women's Hopsital
      - Port Arthur Hospital for Infectious Diseases
      - Dairen Hospital for Infectious Diseases
    - Experimental Station
      - Agriculture
      - Sericulture
      - Stud Farm
      - Aquatic Products
    - Exchanges (products, currency, etc.)

Government, under the civil administration, has been based on a system of special accounts, and expenses have been met by direct revenues collected in the province, as well as by subsidies from the home government. Because of the fact that the police function of the Kwantung Government extends far beyond its territorial boundary, the expenditure naturally exceeds the revenue. In 1907 the revenue was 36 per cent of the expenditure. The situation, however, has gradually improved until in 1927 the percentage was 75 per cent. Accordingly subsidies from the home government to the budget of the Provincial Government have decreased from 87 per cent in 1907 to 23 per cent in 1927. This yearly subsidy has now decreased to amounts varying from two million to four million yen. This sum is approximately the difference between the nine million yen interest on the government shares of the South Manchuria Railway Company (4.3 per cent interest on 220,000,000 yen of investment) and the six million yen interest on foreign loans of the Railway Company guaranteed by the government.[16] The home government is therefore spending in the Kwantung Province about what it gets from its investment in the South Manchuria Railway.

Changes in the totals of expenditures and receipts of the Provincial Government, are as follows: in 1907 receipts were 4,273,472 yen and in 1926 19,022,043 yen, while expenditures were 3,451,487 yen in 1907 and 14,580,726 yen in 1926. Receipts increased by 450 per cent and expenditures by 400 per cent. Table II shows

TABLE II

AMOUNT OF ANNUAL INCOME AND EXPENDITURE OF KWANTUNG GOVERNMENT

(Yen)

YEAR	INCOME				EXPENDITURE	PERCENTAGE OF REV. IN RELATION TO EXP.	PERCENTAGE OF SUB. IN RELATION TO EXP.
	Revenue	Subsidy	Amount Transferred	Total			
1907..	1,273,472	3,000,000	....	4,273,472	3,451,487	.36	.87
1908..	1,418,095	3,120,000	821,985	5,360,079	4,231,640	.33	.73
1909..	1,555,966	2,964,000	1,128,438	5,681,404	4,617,689	.33	.64
1910..	1,996,288	3,615,416	1,030,715	6,642,419	5,771,335	.34	.62
1911..	2,089,595	3,691,747	871,083	6,652,425	5,499,296	.38	.67
1912..	1,887,141	3,122,500	1,153,129	6,162,770	5,359,503	.35	.58
1913..	2,387,688	2,347,800	803,267	5,538,755	4,429,252	.53	.53
1914..	2,147,590	2,233,000	1,109,503	5,490,093	4,116,898	.52	.54
1915..	2,253,263	1,937,000	1,372,195	5,563,458	4,118,924	.54	.47
1916..	2,828,866	2,007,000	1,444,534	6,208,400	4,208,003	.67	.47
1917..	3,645,827	2,007,000	2,072,397	7,725,224	4,612,985	.79	.45
1918..	4,648,321	2,103,203	3,122,239	9,863,762	6,895,853	.67	.30
1919..	6,490,802	3,000,000	2,967,908	12,458,710	9,531,725	.67	.31
1920..	8,047,295	3,250,000	2,926,985	14,224,280	11,705,727	.67	.27
1921..	10,285,287	4,000,000	2,518,553	16,803,840	13,792,789	.74	.29
1922..	12,032,925	4,300,000	3,011,051	19,343,976	15,217,555	.79	.28
1923..	10,973,307	4,000,000	4,126,418	19,099,725	15,603,904	.70	.25
1924..	11,221,436	4,000,000	3,495,811	18,717,249	15,237,571	.73	.23
1925..	10,468,046	3,000,000	3,478,676	17,947,722	14,036,414	.74	.25
1926..	12,110,735	3,000,000	3,911,308	19,022,043	14,580,726	.89	.20
1927..	12,839,289	4,000,000	5,362,316	22,201,605	16,985,029	.72	.23

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[16] Y. Shinozaki, *Financial Conditions in Manchuria of Today* (in Japanese), Vol. II, p. 428.

TABLE III

TAX REVENUES OF KWANTUNG PROVINCE

(Yen)

YEAR	CENTRAL REVENUE								LOCAL REVENUE		
	Land Tax	Salt Tax	Income Tax	Business Tax on Exchange	Trade Tax	Liquor Tax	Tobacco Tax	Total	Business Tax	Miscellaneous Taxes	Total
1907	105,186	47,104	....	....	....	....	....	152,290	157,371	123,931	281,302
1908	105,012	90,155	....	....	....	....	....	195,167	178,037	126,678	304,715
1909	106,213	101,020	....	....	....	....	....	207,233	187,948	127,865	315,813
1910	106,171	101,022	....	....	....	....	....	207,193	184,696	127,582	312,278
1911	106,458	160,324	....	....	....	....	....	266,782	191,868	123,797	315,665
1912	106,516	75,935	....	....	....	....	....	182,451	163,290	124,523	287,813
1913	107,070	127,034	....	....	....	....	....	234,104	170,512	123,173	293,685
1914	108,631	134,664	....	....	....	....	....	278,354	166,649	132,505	299,154
1915	108,935	167,137	....	....	....	....	....	276,072	171,183	181,784	352,967
1916	109,005	204,353	....	....	....	....	....	313,358	190,890	184,444	375,334
1917	109,003	230,284	....	....	....	....	....	339,287	151,809	195,529	347,338
1918	109,015	209,997	....	....	....	....	....	319,012	216,438	215,850	477,288
1919	163,416	218,534	....	....	....	....	....	381,950	227,112	266,236	493,348
1920	217,228	198,599	368,382	52,567	175,833	....	....	1,012,609	979,338	404,755	1,384,093
1921	217,767	164,487	1,829,350	156,127	187,236	....	....	2,554,967	1,222,030	423,333	1,645,363
1922	217,857	244,300	1,895,288	64,116	188,247	232,878	669,917	3,512,603	1,354,436	430,530	1,784,966
1923	216,879	351,718	2,030,631	17,210	109,779	282,626	670,789	3,679,632	1,389,192	409,720	1,798,912
1924	217,581	353,392	1,903,074	6,762	99,262	291,168	706,756	3,577,995	1,402,018	407,701	1,809,719
1925	217,046	359,438	1,928,775	6,579	119,459	281,553	674,427	3,587,277	1,232,646	441,153	1,674,799
1926	217,563	301,621	2,034,060	11,842	115,491	326,798	682,024	3,689,399	1,355,829	511,639	1,867,468
1927	216,909	301,017	1,999,139	9,542	89,229	376,593	710,640	3,703,069	1,377,725	573,314	1,951,039

incomes, expenditures and subsidies since the civil administration of Kwantung Province was established.

In recent years the revenues from taxes of the Kwantung Province have been about 3,700,000 yen for the central government and about 1,900,000 yen for the local governments. The varieties of taxes giving these revenues are for the Central Government (1) land tax, (2) salt tax, (3) income tax, (4) tax on exchange business, (5) trade tax, (6) liquor tax, and (7) tobacco tax; and for local revenue there are the business tax and miscellaneous taxes. Table III shows the amount of these tax collections since the beginning of the Kwantung administration.

c) Administration of the Railroad Zone

The so-called Railroad Zone is a long narrow strip of land following the main line of the South Manchuria Railway (438 miles), the Antung-Mukden line (161 miles) and other branch lines, making a total mileage of 680. The zone along the railway covers an area of 109 square miles. It runs through the richest and most fertile section of South Manchuria and links up practically all the important cities in the territory. Its administration and management, in spite of its comparatively small area, presents problems of first importance to the South Manchuria Railway Company, and to the Chinese as well as the foreign residents. The responsible body for this important task in administration is not the Kwantung Government, which is but a sort of branch office of the home government, but rather the South Manchuria Railway Company. This is a business organization interested among other things, in profits, a circumstance which gives the administration of the Railroad Zone a character quite different from the official administration of the Kwantung Province.

In order to render an effective administrative service in the railroad zone, the South Manchuria Railway Company has organized a system of special organs under what is called the Local Department. Its organization and functions are shown on the opposite page.

The expenses of local management and administration are met in three ways:

1. The expenses of establishing institutions of public welfare, and of promoting local industries, are met by the Company.
2. The expenses of maintaining these institutions, being a kind of local expense, are paid out of taxes collected by police, etc.
3. In some localities, the inhabitants cannot afford to pay taxes to meet these demands. In such cases only a very small portion of the public expense is levied in the form of an administrative fee, the rest being paid by the Company.

The money expended by the Company to meet charges under the first category already totals 75,360,000 yen, as Table IV shows.

For the second category of expenses, the Company collects taxes and fees. The taxes are of two kinds, household rates and miscellaneous. The items of expenditure amounting to more than 100,000 yen in 1927 were education, civil-engineering, sanitation, police, libraries, and parks. The aggregate amount of these expenditures was 3,900,000 yen. The total amount of revenue collected was 1,130,000 yen, or less than one-third of the expenditure. The deficit, of about 2,840,000 yen, was paid by the Company.

Thus we see that the railroad zone is far from being self-supporting and that the South Manchuria Railway Company is paying the deficit out of its general profit. However, since the Company has a sort of public mission along with its primary object of making profit, it is quite appropriate that it should use part of its profits for the general development of Manchuria. Even from the purely business point of view, such expenditures are highly advisable, for the general development in industry, and the advancement in the standards of the inhabitants, are bound to prove valuable assets for the Company.

Some people object to the Company's policy of subsidizing. They maintain

- Local Dept. of S.M.R.Co.
  - Section of General Affairs
  - Local Section
    - Management of Railway Zone
    - Public Equipment
    - Land Planning
    - Land and Buildings to Let
  - Civil Engineering Section
  - Section of Construction
  - Dairen Office of Civil Engineering
  - Educational Section
    - School Education
    - Social Education
    - Education of Company Employees
    - Mukden Normal School
    - Middle Schools
    - Libraries
  - Sanitary Section
    - Public Sanitation
    - Sanitation for Company Employees
    - Experimental Bureau of Sanitation
  - Local Offices
    - Wafangtien
    - Tashihchiao
    - Yinkow
    - Anshan
    - Liaoyan
    - Mukden
    - Tiehling
    - Kaiyuan
    - Ssupingkai
    - Kungchuling
    - Changchun
    - Penhsifu
    - Antung

that the Company should transfer the whole task of local administration to the Kwantung Government, and confine itself exclusively to profit making. However, this opinion fails in the first place to make clear the difference between the legal nature of the administrative power of the Kwantung Government over the province, and that of the South Manchuria Railway Company over the railroad zone. In the second place those who advocate the change have no evidence to prove that the Kwantung Government would be more efficient than the present system and therefore fail to convince us of the advisability of the proposed reform.

TABLE IV

Amount Paid by the S.M.R. Co. for Local Public Equipment

Items	Amount in Yen
Hospitals	15,149,151
Schools	13,465,801
Libraries	561,912
Sanitation depots	711,744
Fire Department stations	399,342
Sheep-breeding farms	17,555
Hog-breeding farms	6,478
Sanitary Research Institute	386,946
Cattle Disease Research Institute	264,141
Museums	7,722
Public buildings	127,734
Office buildings	462,103
Buildings to let	9,379,716
City lots	31,053,769
Forests	752,073
Machines for public works	943,133
Central Experimental Station	890,956
Experimental farms	566,358
Seed farms	214,164
Total	75,360,801

For the present and for the near future, the administration of the railroad zone in Manchuria is confronted with two difficulties. One is that the inhabitants in the railroad zone are, generally speaking, too poor to carry their own local finances. This is a serious economic problem. The other difficulty grows out of the political complications that naturally arise where the administrative jurisdictions of different countries overlap and sometimes fail to cooperate.

With these difficulties to cope with, the administration of such an international and inter-racial community requires not only a high degree of efficiency and adaptability to local needs, but also a fair and humane attitude. It goes without saying that a mere transplanting of the administrative codes and techniques from the home country will not suffice. Herein lies the real test of the Japanese administration in Manchuria and if it fails to meet the test, it loses part of its *raison-d'etre* in Manchuria.

d) Rights of Land-holding, Trading and Residence

The legal position of Japanese subjects in the Three Eastern Provinces, outside of the leased land and the railroad zone, differs according to localities, namely, (1) the settlements, (2) the open sections, and (3) the interior. Let us examine their status in these three different territories with regard to the rights of landholding, of trading, and of residence.

Settlements.—Yinkow, Antung and Mukden are the localities in which Japan has the right to establish exclusive settlements. This right is acknowledged by the Sino-Japanese Treaty concerning Manchuria, which was concluded after the Russo-Japanese War. When the Treaty was concluded, however, the detailed and concrete arrangements for the establishment of settlements were left for later negotiations. In Mukden, no special settlement district was apportioned other than the railroad zone, but in Yinkow and Antung two settlements were established right after the Russo-Japanese War, and placed under the jurisdiction of the Japanese Consulate. Later, when the administrative machinery of the railroad zone was almost completed, the management of these settlements was transferred to the hands of the Local Department of the South Manchuria Railway Company. Today, therefore, these concessions are under conditions similar to those of the railroad zone of the Company.

Open sections.—The open sections or free territories in China are the places which are opened voluntarily or by treaty agreements for foreign trade and residence. While open places enjoyed by Japan in China proper are the result of the most-favoured-nation clauses in treaties, the open districts in Manchuria are based specifically on the Sino-Japanese treaty made after the Russo-Japanese War. According to the treaty, the Chinese Government opened several cities in Manchuria to trade and residence for foreigners. The cities thus opened were Fenghuangcheng, Liaoyang, Hsinchiatun, Tiehling, Tungkiangtze, Fakumen, (all in Fengtien Province), Changchun, Kirin, Harbin, Ningta, Hunshun, Sansing (all in Kirin Province), Tsitsihar, Hailar, Aigun, Manchuli (all in Heilungkiang Province). Other free territories settled by the Chientao Treaty of 1909 are Lungtsingtsun, Chutzechieh, Towtaokow and Pehtsaokow.

Now these open sections, unlike the settlement districts, are under the jurisdiction of the Chinese authorities, and foreign residents are therefore bound by Chinese laws and administrative regulations especially in the matter of land-holding. Unfortunately there are some ambiguities as to the extent and nature of open places.[17] According to the Chinese definition, which differs widely from that of foreign authorities,[18] only the special districts within a port or town which have already been set apart as foreign concessions, are open places, and quite naturally therefore the status of land leases in the hands of foreigners is most precarious within the supposed open places or free territories outside of the definite concessions.

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[17] A. Nagao, *Problems between Japan and China* (in Japanese, 1929), pp. 124–28.

[18] Y. Saito, "The Nature of Open Places in China according to the Treaty of Rights" (in Japanese), *Journal of International Law and Diplomacy,* Vol. XXII, No. 7, pp. 48–66. In this article Dr. Saito, an eminent authority on the legal side of the international relations of China, defines the nature and areas of open places as follows: a town or a certain territory which China opened voluntarily or by treaties for foreign trade and residence; and as to the areas of open places, they cover the whole town, not merely a part of it.

Interior land in South Manchuria and East Inner Mongolia.—On account of the precarious position of land leases outside of the railroad zone and the concessions, as above explained, Japan deemed it necessary to have an agreement with China in order to make secure the economic position of Japanese subjects in Manchuria. Thus in 1915 the Sino-Japanese Treaty regarding South Manchuria and East Inner Mongolia was concluded. This treaty recognizes the right of the Japanese subjects to lease land in South Manchuria for the purpose of setting up buildings and other equipment necessary to carry out business, and the right to lease land for agricultural purposes, as well as the right to reside, travel and engage in any business and manufacture of any kind whatsoever in any part of South Manchuria. At the same time, in East Inner Mongolia, the Chinese authorities shall permit the Japanese, so the treaty reads, to engage in joint undertakings with the Chinese in agriculture or in industries incidental thereto.

Thus the Japanese right to lease land in the interior of South Manchuria was recognized, but it was recognized merely on the paper of the Treaty. For, soon after the conclusion of the Treaty, the Chinese government issued an order which aimed at obstructing the enforcement of the treaty right, and which prohibited Chinese subjects under a heavy penalty from contracting leases with the Japanese. Since then, every possible means to obstruct the carrying out of this treaty right of Japan has been practised by the Chinese authorities.[19] And under the present conditions in China, where the judicial authorities are weak and undependable, the mere acquisition of rights by a treaty hardly means anything of real benefit. This deplorable situation in the international relations between China and Japan still remains unsettled, and this is, in substance, the so-called land lease problem in South Manchuria and East Inner Mongolia. The causes of this international entanglement are several. On the part of the Chinese government and the people, there seems to be a state of mind especially inclined to the repudiation of the diplomatic negotiations of 1915, and particularly antagonistic to the enforcement of lease rights in the interior on the part of the Japanese who still retain the right of extra-territoriality at the same time. On the other hand, the land problem in China is still much burdened with the usages of the Middle Ages and is difficult to handle by the mere legalism of the modern world. Uniform regulations and systematic legal manipulations in the modern sense will be almost impossible under the present circumstances. Even among the Japanese now living in Manchuria, there are divergences of opinion as to the real necessity of immediate enforcement of the lease right recognized by the treaty.

The best remedy seems to be to create good will and trust on both sides and to promote mutual understanding. It is advisable, on the part of the Chinese government, to reform the land institution along the line of modern legalism. It is also necessary, on the part of the Japanese government, to prevent some of her subjects, who are undesirable to the Chinese, from going to Manchuria, and only to encourage the immigration of those respectable persons or groups of persons who are honest and ready to work hard with sound, definite and practicable projects. They are the right type to contract leases with the Chinese. Indeed it is the joint responsibility of both peoples to improve their mutual relations by eradicating all the irregular and unnatural relations such as extra-territoriality and others.

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[19] M. Kinoshita, *Study on Colonization Policies in Manchuria and Mongolia* (in Japanese, Trade Bureau of the Department of Foreign Affairs, 1927), pp. 268–272.

TABLE V

Amount Invested in Relation to the Form of Investment

Category			Amount (Yen)	Items (Yen)	
A Investment in Loans			171,691,196 (12)	Railway (Transportation).....	102,009,945
				Min'g. & Forestry	60,562,072
				Electricity.......	1,154,958
				Others..........	7,964,221
B Investments in Incorporated bodies	a Companies formed under the Japanese Commercial Code	1 Companies with main offices in Manchuria	911,757,788 (65)	Transportation...	663,473,664
				Manufacture.....	71,426,601
				Financing trust business.......	46,343,804
				Trading.........	40,293,981
				Electricity and gas	35,570,646
				Banking.........	20,587,603
				Others..........	34,061,489
		2 Companies with main offices outside of Manchuria	187,373,665 (13)	Trading.........	21,269,750
				Transportation...	11,405,000
				Manufacture.....	16,966,496
				Banking.........	86,117,013
				Financing trust business.......	51,290,406
				Insurance business	325,000
	b Companies not bound by the Japanese Commercial Code		36,220,476 (3)	Mining..........	11,650,000
				Lumber trade....	18,903,000
				Transportation...	5,095,564
				Electricity.......	556,912
				Others..........	15,000
Total.......................			1,135,351,929 (81)		
Investments in Individual Enterprises			94,991,560 (7)	Agriculture and forestry.......	4,407,822
				Trading.........	56,189,256
				Manufacture.....	17,227,508
				Others..........	17,166,974
Grand Total..................			1,402,034,685 (100)		

1. Russian currency in gold and silver counted in. The numbers within parentheses in the "Amount" column indicate the percentages.

2. The figures in this table are the actual amounts of Japanese investments excluding other foreign investments.

3. The amount of investment by the S.M.R. included under transportation item in the category (1) is the amount invested outside of the company's direct businesses and also is excluding those which overlap with other investments as well as those invested outside of Manchuria and Mongolia.

III. THE ECONOMIC INTERESTS

I. A GENERAL SURVEY OF ECONOMIC ACTIVITIES

The economic interests of Japan in Manchuria, will be presented from two points of view, namely, that of investments and that of commercial activities. Let us first examine the condition of investments.

a) Economic Interests in Relation to Investments and Investing Activities

Present condition of investments.—The total amount of Japanese investments in Manchuria at the end of the year of 1926 was 1,402,034,658 yen.[20] By comparing this amount with the total sum of Japanese investments abroad, which totals 2,200,000,000 yen, and that of the investments throughout China amounting to about 1,800,000,000 yen, it will be seen that it amounts to 68 per cent of the former and 77 per cent of the latter. It is therefore, obvious that great importance is attached by Japan to her Manchurian investments. Table V shows an analysis of these investments from three aspects: the form of the investment, the distribution of investments by type of industry, and the sources of the funds invested.[21]

According to the forms of investment, as shown in the preceding table, our Manchurian investments are headed by those in the form of joint-stock companies, that is, 85 per cent of the total. It is naturally so because of the presence of a large joint-stock company like the South Manchuria Railway Co. It is also to be noted that the total of individual enterprises amounts to only 7 per cent. As to the distribution of investments by industries, railway transportation comes first with 56 per cent of the total investments. The reason for this is of course self-evident. Interesting to note also is the fact that banking and commercial investments are about equal, and that the aggregate of agriculture, forestry and mining investments is about the same figure. Finally, looking into the matter from the standpoint of investors, we note that the direct investment of the South Manchuria Railway Co. rises to 54 per cent of the total. The Company has about 307,000,000 yen

TABLE VI

DISTRIBUTION OF INVESTMENT BY INDUSTRIES

Industries	Amount (Yen)	Percentage
1. Transportation	781,984,173	56
2. Agriculture, mining, and forestry	117,568,103	8
3. Electricity and gas	37,282,516	3
4. Manufactures	105,620,605	7
5. Financing trust business	97,634,210	7
6. Commerce	117,752,987	8
7. Banking	106,704,616	8
8. Others	37,487,475	3
Total	1,402,034,685	100

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[20] *Conditions of Japanese Investments in Manchuria,* "Research Series of the South Manchuria Railway" (in Japanese), Vol. LXXVI (1928), p. 4.

[21] *The Oriental Economist Year Book* (in Japanese, 1929), p. 269.

of paid up capital and about 40,000,000 yen or more in documentary securities with the enterprises of incorporated bodies, amounting to 31 per cent of the total of Japanese investments in Manchuria. The remaining one hundred million yen or so belong to enterprises other than the South Manchuria Railway. The predominant position of the Company as an investor in Manchuria is of course clear.

TABLE VII

SOURCES OF FUNDS INVESTED

Investor	Item		Amount (Yen)	Percentage
A. South Manchurian Railway Co. (government shares, 217,156,000)			751,570,862	54
	a Expenditures	593,923.799		
	Railways	225,039,369		
	Harbors	49,783,232		
	Mines	129,127,155		
	Iron-foundry	45,902,286		
	Sanitation	16,247,840		
	Education	14,027,713		
	Others	113,796,204		
	b Negotiable instruments	52,696,608		
	c Loans	66,694,032		
	d Others	38,814,629		
B. Loans by Japanese government	Capital and interest		97,743,823	7
C. Private loans	Capital and interest		18,239,116	1
D. Enterprises by corporate bodies			439,489,323	31
E. Enterprises by individuals			94,991,560	7
Grand total			1,402,034,685	100

Tendencies of investment.—Next, let us see what course our investments in Manchuria have followed in the past twenty years so as to arrive at the conditions mentioned above. In this connection statistics are available only on loans and on investments in stock companies. This will, at any rate, give an outline of the tendencies in Japanese investments in Manchuria.

We see from Table VIII that our investment in loans began in 1909 with a railway loan of 320,000 yen. By 1918 it had increased to 82,000,000 yen and in 1926 it reached the total of 149,000,000 yen. If we add deferred interest on the capital it would mount to 170,000,000 yen.

Investments in the form of incorporated bodies, like investments in loans, were insignificant until the coming of the war boom in 1916. The phenomenal development in this direction began then. The development was checked for a time by the crisis which called for readjustment in 1923, particularly after the great earthquake of that year. But the temporary downward tendency caused only a decrease in the rate of profits as is shown below. No serious decreases were registered in the actual

TABLE VIII

TENDENCIES OF INVESTMENT IN THE FORM OF LOANS

YEARS	RAILWAY		MINING & FORESTRY		ELECTRICITY		OTHERS		TOTAL	
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
1909....	1	320,000	.....	....	.....	....	.....	....	1	320,000
1912....	1	320,000	.....	....	.....	....	1	90,000	2	410,000
1916....	2	5,320,000	3	2,134,000	.....	....	2	1,590,000	7	9,044,000
1917....	3	11,820,000	7	5,397,000	.....	....	2	1,590,000	12	18,807,000
1918....	5	41,820,000	10	38,397,000	2	235,000	7	2,169,529	24	82,621,529
1919....	5	41,820,000	11	39,099,072	3	346,000	17	3,611,998	36	84,877,070
1920....	6	73,820,000	11	39,099,072	3	340,000	18	3,711,998	38	116,977,070
1921....	6	73,820,000	11	39,099,072	4	481,000	22	4,136,998	43	117,537,070
1922....	6	73,820,000	13	40,471,572	6	771,000	26	4,415,725	51	119,478,297
1923....	7	81,817,081	13	40,471,572	6	771,000	32	5,208,725	58	128,268,378
1924....	9	87,179,526	14	44,394,358	6	771,000	36	5,438,725	65	137,883,609
1925....	11	93,479,526	15	45,915,180	6	771,000	50	5,736,424	82	145,902,130
1926....	11	93,479,526	16	49,717,816	6	771,000	53	5,870,424	86	149,838,766
Present	10	102,009,945	16	60,562,072	6	1,154,958	42	7,964,221	74	171,691,196

NOTE—The difference between the amount of 1926 and present shows the interest for delay accumulated in the past. The "number of cases" under "Present" indicates the numbers of loan agreements; otherwise it indicates the numbers lending.

number of companies or in the amount of nominal capital. The actual facts as presented in the following table do not justify pessimism as to the future of our investment in Manchuria.

TABLE IX

TENDENCIES OF INVESTMENT IN COMPANIES

YEAR	NO. OF COMPANIES		NOMINAL CAPITAL		PAID-UP CAPITAL	
	Actual No.	Index No.	Amount (Yen)	Index No.	Amount (Yen)	Index No.
1906....	6	1	205,105.000	1	105,105.000	1
1907....	11	1	205,694,000	1	105,664,000	1
1908....	15	1	208,974,000	1	107,323,000	1
1909....	21	2	209,540,000	1	107,889,000	1
1910....	23	2	209,780,000	1	108,129,000	1
1911....	30	3	215,570,500	1	111,950,500	1
1912....	44	4	217,598,500	1	123,219,500	1
1913....	62	6	225,273,500	1	137,473,500	1
1914....	78	7	228,012,040	1	142,798,040	1
1915....	105	10	232,832,040	1	150,025,040	1
1916....	133	12	251,365,540	1	164,146,540	2
1917....	198	18	276,177,640	1	187,091,640	2
1918....	315	29	326,683,640	2	225,139,640	2
1919....	606	55	562,343,140	3	326,359,140	2
1920....	750	68	952,966,140	5	502,825,690	3
1921....	795	72	977,056,814	5	517,380,114	5
1922....	890	81	972,188,544	5	535,872,594	5
1923....	973	88	1,005,902,566	5	554,477,141	5
1924....	1,024	93	967,312,566	5	546,725,841	5
1925....	1,127	102	962,844,936	5	569,763,274	5
1926....	1,203	109	960,841,036	5	586,320,762	6

NOTE—The index numbers are based on the figures for 1907.

Condition of profits from investments.—Finally, let us look at the condition of profits from the investments as indicative of economic activities in the relation of investments. The following three tables give interest payments on loan investments, on investment in incorporated bodies, and on private investments.

TABLE X

RETURNS ON LOAN INVESTMENTS

DIRECTION	CLASSIFICATION					
	Interest Paid			Interest Deferred		
	Yes	No	Unknown	Yes	No	Unknown
Railway	5	6	0	6	5	0
Mining and forestry	3	12	1	6	4	6
Electricity	1	0	5	3	1	2
Others	19	19	5	12	21	10
Total	28	37	11	27	31	18

TABLE XI

PROFITS FROM INVESTMENTS IN COMPANIES

YEAR		CLASSIFICATION				
		No. of Companies	Profit		Rate of Dividend	
			Total Yen	Average Yen	Total %	Average %
1918	1st half	33	18,346,322	555,949	425.50	12.89
	2d half	38	17,441,442	458,985	696.10	18.32
1919	1st half	54	20,399,642	377,771	704.90	13.30
	2d half	73	22,954,548	314,446	1,419.40	19.99
1920	1st half	94	28,465,231	302,822	1,002,90	10.78
	2d half	94	24,963,426	265,568	1,032.90	11.11
1921	1st half	95	24,810,772	261,166	764.00	8.22
	2d half	105	25,294,544	240,900	823.90	8.00
1922	1st half	102	26,344,036	258,275	914.40	9.05
	2d half	97	24,975,834	257,483	700.30	7.29
1923	1st half	108	25,881,848	239,647	657.00	6.20
	2d half	105	25,699,812	244,760	681,50	6.62
1924	1st half	108	25,533,070	236,417	590.50	5.52
	2d half	98	24,191,113	246,848	476.70	4.91
1925	1st half	94	24,700,319	262,769	389.70	4.15
	2d half	69	23,465,502	340,080	412.80	5.98
1926	1st half	76	23,968,657	315,377	359.30	4.73
	2d half	73	24,124,944	330,479	378.80	5.19

TABLE XII

PROFITS FROM PRIVATE INVESTMENTS

(In Yen)

LOCALITIES	AGRICULTURE AND FORESTRY		COMMERCE		MANUFACTURING		OTHERS		TOTAL	
	Amount of Transaction	Amount of Profit	Amount of Transaction	Amount of Profit	Amount of Transaction	Amount of Profit	Amount of Transaction	Amount of Profit	Amount of Transaction	Amount of Profit
Pulantien	78,650	27,330	51,700	10,300	....	....	38,200	9,300	168,550	46,930
Chinchou	95,430	14,747	37,300	56,700	152,000	15,800	4,400	2,800	624,830	90,047
Pitzowo	....	....	86,400	12,000	....	....	41,200	8,600	127,600	20,600
Wafangtien	220,000	44,000	107,500	22,700	....	....	402,000	62,500	729,500	129,200
Tashihchiao	6,490	2,500	113,800	24,400	1,150,000	69,000	67,000	20,600	1,337,290	116,500
Liaoyang	39,206	10,220	4,666,400	168,440	216,300	24,840	91,040	35,540	5,012,946	239,040
Anshan	24,755	12,915	733,181	67,541	728,083	29,367	24,741	7,626	1,510,760	117,449
Penchihu	....	....	220,280	35,425	83,530	8,151	51,820	9,959	355,630	53,535
Fushun	73,000	8,900	2,286,000	415,000	1,739,000	135,000	272,000	33,000	4,370,000	591,900
Mukden	68,000	Unknown	29,653,580	Unknown	8,050,000	Unknown	149,708,100	Unknown	187,479,680	Unknown
Tiehling	10,974	1,805	2,012,529	13,608	149,669	6,602	....	....	2,173,172	22,015
Kaiyuan	44,520	3,840	1,014,960	182,370	121,900	14,350	....	....	1,181,380	200,560
Changtu	3,025	1,200	123,100	16,180	60,000	6,000	....	....	186,125	23,380
Machungho	....	....	3,500	600	....	....	....	....	3,500	600
Chungku	4,200	1,400	....	....	....	....	....	....	4,200	1,400
Ssupingkai	48,122	2,887	8,568,210	42,482	682,910	5,463	32,300	1,615	9,331,542	52,447
Kungchuling	5,200	1,500	5,479,020	164,500	....	....	205,800	17,120	5,690,020	183,120
Harbin	....	....	39,109,000	Unknown	78,000	Unknown	948,000	Unknown	40,135,000	Unknown
Kilin	....	....	1,506,939	Unknown	31,700	Unknown	337,562	Unknown	1,876,201	Unknown
Chientao	....	....	439,700	Unknown	....	Unknown	Unknown	Unknown	439,700	Unknown
Total	721,572	133,244	96,548,799	1,232,246	13,243,092	314,573	152,224,163	208,660	262,737.626	1,888,723

NOTE—The amounts of transactions as well as of profits are annual figures and the unit is yen.

These three tables prove that the general supposition that, Manchuria being a colony, investments of capital there necessarily bring big profits, is wrong. The rates of interest on our investments in Manchuria, except in one or two individual cases, are generally no higher than on similar investments in Japan. Excepting the brief period of the European War, the profits from investments in Manchuria have not been such as would draw capital merely by the operation of natural economic law.[22]

Investments in the form of joint stock enterprises too, aside from those of the South Manchuria Railway Company, have offered no particularly alluring returns.[23] These facts would naturally give rise to the question as to why Japanese investments in Manchuria do not as a rule bring big profits. The capital which has been invested in Manchuria to the present has not flowed in for higher rates of profits. Limitation in markets, the undeveloped state of the raw materials, defects in management, inadequate banking facilities, etc., may indeed be responsible for the situation to some extent, but when these explanations have been made, the question persists, why does Japan consider her investment in Manchuria so vital? Is it because she has higher hopes for the future, or are there reasons other than those of profit which explain her willingness to invest. The question deserves thoughtful consideration. If it is recalled that Manchuria has become the one region in the whole of China which offers a promising field for investment in the future, and that because of Japan's investments in the past the lives of thirty million native people are directly or indirectly enriched, we may conclude that those investments though not highly profitable, have certainly not been fruitless.

b) Economic Interests in Relation to Commercial Activities

Foreign trade of Manchuria.—It may be said that trade in Manchuria entered a new phase with the conclusion of the Russo-Japanese War and that the opening of the port of Dairen was the chief factor in this new phase. Until then, Newchwang was the only free port in Manchuria. It was opened as the result of the Tientsin Treaty in 1858, but owing to its unfavorable location and the backward condition of its hinterland, there was but slight development in Manchurian trade for a long time. After the close of the Russo-Japanese War, however, China having been induced by Japan to open sixteen cities in Manchuria for foreigners and Dairen having been opened as a free port, Manchuria was thrown open to international trade. The amount of foreign trade in Manchuria in 1907 was only 520,000 standard taels. In the next year, however, the amount suddenly doubled and reached 100,690,000 taels. After that, the trade increased steadily year by year and in 1927 it reached 676,940,000 taels. The development is made clear by Table XIII.

Trade relations of various countries.—If we look at the foreign trade of Manchuria according to countries, we notice that England was originally in the lead. Japan at the time of the Sino-Japanese War had only very little trade, but after the Russo-Japanese War she soon took the lead. The trade activity of the

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[22] S.M.R., *Conditions of Investments,* p. 15.

[23] *Ibid.,* p. 117.

TABLE XIII

Growth of Foreign Trade of Manchuria

Year	Imports (Taels)	Exports (Taels)	Total (Taels)	Balance (Taels)
1907	30,685,152	22,042,323	52,727,475	— 8,624,829
1908	53,112,034	47,585,123	100,697,157	— 5,526,911
1909	69,159,331	83,026,018	152,185,349	13,866,687
1910	81,731,940	88,999,422	170,731,362	7,267,482
1911	94,797,846	103,733,492	198,531,338	8,935,646
1912	102,232,018	100,166,041	202,398,059	— 2,065,977
1913	125,683,660	113,041,999	238,725,659	— 12,641,661
1914	112,409,981	109,331,936	221,471,917	— 3,078,045
1915	108,111,646	130,084,502	238,196,148	21,972,856
1916	129,555,872	130,807,129	260,363,001	1,251,257
1017	158,562,010	161,120,501	319,682,511	2,558,491
1918	177,219,156	166,856,166	344,075,322	— 10,362,990
1919	231,303,593	212,008,762	443,312,355	— 19,294,831
1920	205,129,451	225,920,429	431,055,880	20,796,978
1921	218,187,674	234,407,892	452,595,566	16,220,218
1922	196,432,072	274,661,906	471,093,978	78,229,834
1923	207,055,228	293,928,940	500,984,168	86,873,712
1924	200,648,460	269,018,082	469,666,552	68,369,612
1925	244,721,505	312,368,194	557,089,699	67,646,689
1926	276,840,619	370,742,398	647,583,017	93,901,779
1927	268,913,586	408,036,179	676,949,765	139,122,593

United States in Manchuria which was first noticeable at the time of the European War, has increased, particularly of late. A large quantity of machines and materials for railroad construction are imported into Japan from the United States and then re-exported to Manchuria, but these re-exported goods are not tabulated in the statistics of the Custom House. The trade between Manchuria and other regions of China has always been considerable in quantity, and of late the amount of this inter-provincial trade stands second only to the trade with Japan.

The Manchurian trade of Japan has increased by eight times during the past twenty years. What was only 31,000,000 taels in 1908 became in 1927 a trade of 265,000,000 taels. This enormous increase was partly due, as a matter of course, to the geographical and political relations between Japan and Manchuria, but at the same time it was a natural consequence of the development of the textile industry and crude manufacturing in Japan during the corresponding period. In other words, the situation is a result of the fact that Manchuria, as also China in general, is a market that is specially fitted to the task of absorbing Japanese goods. It is also to be noted that Japan is the biggest buyer of the articles produced in Manchuria. However, as to the future of Japan's relation to Manchuria, it is hardly convincing to draw conclusions solely from what is revealed in the tendencies of the past twenty years.[24] The latest figures on the rate of increase in Manchurian trade puts the United States first, China second, and Japan third. Although Japan ranks first in the total amount of trade with 43 per cent, China is second with 31.1

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[24] *Seeking Resources* (in Japanese), published by the *Chugai Shogyo Shinpo Sha*, p. 373; K. Fujioka, *Look at Manchuria and Mongolia Anew* (in Japanese), p. 251.

TABLE XIV

AMOUNT OF TRADE ACCORDING TO COUNTRIES

(Taels)

Countries	1908			1927		
	Imports	Exports	Total	Imports	Exports	Total
Great Britain. .	535,684	355,950	890,634	4,661,460	12,863,955	17,525,415
Hongkong.	2,037,838	846,123	2,883,961	10,362,649	4,846,216	15,308,865
India and Brit. colonies.	21,166	5,469	26,635	2,710,814	1,234,692	3,845,506
Total.	2,593,688	1,207,542	3,801,230	17,734,923	19,044,863	36,779,786
Denmark.	1,584	. . . .	1,584	30,538	53,328	83,866
Japan.	13,553,331	16,769,248	30,322,579	99,137,583	102,358,869	201,496,452
Korea.	1,140,562	422,524	1,563,086	11,279,184	53,067,426	64,346,610
Total.	14,690,893	17,191,772	31,885,665	110,416,767	155,426,295	265,843,062
Russia.	7,490,392	10,499,885	17,990,277	21,326,248	66,998,267	88,324,515
U. S. A.	6,774,292	411	6,774,703	17,583,946	10,338,381	27,922,327
Philippines. . . .	1,286	. . . .	1,286	54,548	1,655,298	1,709,846
Total.	6,775,578	411	6,775,989	17,638,494	11,993,679	29,632,173
Germany.	150,905	256	151,161	5,469,093	1,656,907	7,126,000
Belgium.	14,584	18,635	33,219	1,727,676	107,806	1,835,482
Netherlands. . .	. . . .	. . . .	. . . .	1,210,752	16,435,332	17,646,084
Dutch East Indies.	244,141	2	244,143	1,018,577	4,860,254	5,878,831
Total.	244,141	2	244,143	2,229,329	21,295,586	23,524,915
Other countries	. . . .	278	278	2,981,302	17,552,975	20,534,277
Total.	31,964,765	28,918,781	60,883,546	179,554,370	294,129,706	473,684,076
China proper. . .	21,147,269	18,666,342	39,813,611	89,359,216	113,906,473	153,265,689
Grand total	53,112,034	47,585,123	100,697,157	263,913,586	408,036,176	676,949,762

per cent, and since China's rate of increase is higher than Japan's, the day may come when China will play the leading role in Manchurian trade.

Content of Japanese-Manchurian trade.—First of all, we find that among the Japanese exports to Manchuria, cotton goods is the only article which amounts to more than ten million taels per year. Other articles figure somewhere around three and four million taels. Among these, many are reshipped goods of American or Indian origin such as hemp sacks, raw cotton, machines and tools, metal ware, rolling stock, etc. If we subtract these from our Japanese exports to Manchuria, the total of these exports will be reduced by at least ten per cent.[25] Table XV shows the total amount of trade passing through the three southern ports, Dairen, Newchwang, and Antung. This is more than 80 per cent of the total Manchurian trade.

TABLE XV

VALUE OF GOODS IMPORTED FROM JAPAN THROUGH THE THREE PORTS IN SOUTH MANCHURIA

(Value in 1,000 Yen)

Goods	Year			
	1925	1926	1927	1928
Cotton piece goods	35,143	36,539	33,002	37,248
Woolen goods and wool cotton unions	925	761	1,023	2,086
Cotton yarn	5,721	3,634	2,512	3,380
Cotton raw	1,461	2,752	3,280	2,791
Clothing and accessories	1,660	2,359	2,356	3,937
Flour	3,151	4,668	1,254	3,871
Fruit	1,039	1,613	1,325	1,213
Sugar	2,108	2,265	1,957	3,249
Marine products	955	1,455	1,414	2,113
Other provisions	1,198	1,632	1,925	2,103
Liquor and other beverages	1,187	1,672	1,675	1,935
Chemical products and medicines	1,955	2,002	2,703	2,642
Iron and steel	3,575	3,792	4,473	4,776
Other metals and minerals	1,458	2,248	2,903	1,835
Hardware	621	1,148	1,319	1,520
Machines and machinery	2,434	3,733	4,772	3,821
Vehicles	735	3,057	3,563	3,403
Timber and bamboo	1,091	843	1,071	1,395
Electrical materials	1,509	2,015	2,654	2,525
Leather, hides, skins, hairs, horns, etc.	744	1,088	1,037	1,118
Paper	2,121	2,443	2,833	2,763
Bags, gunny	4,534	6,150	4,046	2,782
Miscellaneous textile goods	363	736	519	1,498
Objects of art and toilet articles	177	784	773	922
Sundries	12,401	13,335	14,210	14,239
Grand total	88,266	102,724	98,899	109,165

In the second place, let us look at what Japan imports from Manchuria. Here likewise we notice that 70 per cent to 80 per cent of these imports pass through the three southern ports, and that the trade going by the northern route is comparatively small in amount. Consequently the whole trade situation in Manchuria is dominated by the trade in South Manchuria. Among the agricultural products of Manchuria that are exported annually to the value of more than ten million taels, are bean-cake, beans, bean-oil, Chinese corn, millet and tusser-silk. Among mine products are coal and coke. Most of these products are exported to Japan, and in 1927 the exported beans, bean-cake and bean-oil alone amounted to 1,576,000 tons in quantity and 130,000,000 yen in value. This was 73 per cent of the total Manchurian exports to Japan for that year, or 178,000,000 yen. Some of the Chinese

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[25] K. Abiru, *What Is the Manchurian Problem?* (in Japanese), p. 27.

TABLE XVI

Quantity and Value of Goods Exported into Japan from the Three Ports in South Manchuria in 1928

Description of Goods	Classifier of Quantity	Japan		Korea	
		Quantity	Value (Yen)	Quantity	Value (Yen)
Soya beans	P.	7,012,576	28,404,536	162,777	708,035
Other beans	P.	1,316,769	5,898,182	123,159	530,312
Maize	P.	260,791	730,780	11,222	26,505
Kaoliang	P.	678,667	1,607,745	140,312	340,175
Millet	P.	317,983	1,269,288	4,351,545	19,645,705
Wheat	P.	783,719	3,056,603	35,164	157,896
Other cereals	P.	75,853	249,065	160,205	397,544
Sesamum seed	P.	62,762	536,568	57,812	651,488
Melon seed	P.	16,522	137,017	42	415
Hemp seed	P.	160,350	566,537	11	28
Perilla seeds	P.	108,113	657,655	....	....
Other seed	P.	414,398	1,627,375	4,407	22,103
Vegetables	P.	53	279	3,928	14,760
Fruits	P.	102	1,195	24	236
Flour	P.	1,425	7,797	1,895	11,434
Bran	P.	1,207,816	2,212,999	3,418	46,162
Eggs	M.	484	6,057	27	488
Marine products	P.	22,579	68,789	81	2,380
Samshu	P.	2,566	17,778	2	25
Cigarettes, cigars, and tobacco	.....	....	1,205,675	....	67,024
Salt	P.	1,296,526	646,487	794,109	601,754
Other provisions and drinks	.....	....	151,980	....	18,176
Bean cake	P.	12,243,481	34,003,176	1,605,990	4,831,833
Bean oil	P.	7,690	84,590	1,668	19,481
Other oils, fats, and waxes	P.	326,017	360,148	2,857	33,072
Hemp, jute and ramie	P.	19,454	149,982	439	7,631
Cotton, raw	P.	....	....	67	2,692
Silk cocoons	P.	149	11,538	6	78
Silk, raw, wild	P.	20,291	7,082,265	39	11,015
Silk, waste	P.	4,005	333,680	2	94
Silk products	.....	....	53,568	....	45
Bristles	P.	108	9,232	....	....
Wool	P.	838	25,590	5	151
Hairs and feathers of all kinds	P.	1,391	82,312	119	8,359
Leather, hides, and skin	.....	....	1,302,798	....	38,160
Horns and teeth	P.	....	....	....	....
Bones	P.	236,520	515,971	4,172	5,538
Cattle	No.	16	180	133	6,869
Poultry	No.	105,934	10,630	51	53
Animal tallow	P.	....	....	655	8,515
Timber and bamboo, etc.	.....	....	39,798	....	3,359,858
Firewood and charcoal	P.	61	122	3,669	2,155
Coal and coke	T.	2,032,240	16,231,236	460,669	3,279,880
Other mineral products	.....	....	916,297	....	19,154
Chemical products and medicines	.....	....	668,385	....	78,429
Dyes, colours, and paints	.....	....	1,878	....	43,546
Ginseng	C.	....	....	6,400	11,125
Iron and iron manufactures	P.	3,593,288	6,391,380	109,987	350,034
Other metals and hardware	.....	....	173,935	....	38,431
Sundries	.....	....	4,060,920	....	429,150
Postal parcels	.....	....	69,795	....	19,370
Total of exports	.....	....	121,639,793	....	35,847,399
Re-exports: Chinese goods	.....	....	419,332	....	1,945,020
Re-exports: Foreign goods	.....	....	1,244,723	....	549,075
Re-exports: Total	.....	....	1,664,055	....	2,494,095
Grand total	.....	....	123,303,848	....	38,341,485

Note—P. = Piculs; M. = Mille; No. = Number; C. = Catties; T. = Long Tons.

millet and all of the Chinese corn thus exported went to Korea. These took the place of rice which was produced in that country and exported to Japan to make up the food shortage there. The Korean rice thus exported to Japan has added a new factor influential to the rice market of Japan. It may be said that the Manchurian millet indirectly influences the Japanese rice market.

From these figures, it is evident that Japan buys much more from Manchuria than she sells. But the difference is balanced by Japan's trade with China as a whole, for Japan sells to China much more than she buys. It is, therefore, important to notice that Japan's economic policy towards China can not be construed solely in terms of her trade relations with Manchuria alone.

2. SOME ASPECTS OF JAPAN'S ECONOMIC ACTIVITIES

a) Economic Position of the South Manchuria Railway Company

Relation of the South Manchuria Railway Company to state policy.—The South Manchuria Railway Company is not merely a railway company conducting business in a colonial territory. As has already been pointed out, the Japanese enterprises in Manchuria are interwoven with Japan's continental policies, in their military as well as their political aspects. This is inescapable in view of the historical and geographical circumstances. It is a matter of course therefore that the South Manchuria Railway Company should be bound up with the policy of the State. Having said this, it must still be emphasized that in carrying out the general policy of Japan, the role of the South Manchuria Railway Company is economic, and its chief duty is to manage the railway. However, it is openly recognized that railway management in a colony involves a certain political aspect, for the development of an industrial population in a comparatively backward territory is necessarily dependent upon the extension of the means of transportation in the territory. Modern life being what it is, it is perhaps unavoidable that the carrying out of an economic policy should in the long run have some degree of political significance. This view need not be looked upon as inconsistent with the statement that the policy of the South Manchuria Railway as such is entirely free from the strategic or military motive.[26]

The present function of the South Manchuria Railway is directed more and more toward a solution of the economic problems of Japan herself. A man who has been particularly active in the realization of this economic policy, Mr. Jotaro Yamamoto, former president of the South Manchuria Railway Company, recently made the following statement:

> As for our fundamental State policy in the economic relations of Japan with Manchuria and Mongolia, we must simply endeavour on the one hand to provide Japan with an abundance of cheap foodstuffs and raw materials, and on the other to develop our trade with Manchuria and Mongolia so as to provide a larger market for our finished

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[26] The seventh clause of the Russo-Japanese Treaty says: "Japan and Russia mutually pledge that each of the countries concerned shall limit her aims in Manchuria strictly to commercial and industrial ends and in no way should undertake them for the purpose of military tactics."

> products. If we accept this as our program, then it may truly be said that the South Manchuria Railway Company is charged with an important function in carrying out the policy of the State.[27]

These words spoken by the president of the company at the last year's annual meeting present clearly the purpose of the South Manchuria Railway. This purpose is economic, but it has its relation to the policy of the State.

Relation of the S.M.R. to the open door policy.—The leaders of the South Manchuria Railway Company have not been unmindful of the international implications of an economic policy backed by the State such as has been outlined. From the very beginning, they have considered the question as to whether or not such a policy would result in a monopolization of profits on the part of Japan. The following words were spoken by the first president of the Company, the late Count Shimpei Goto, on the occasion of the Company's first general meeting on January 26, 1906.

> The Company is confronted with a great task, even in its responsibility for the railway alone. Though it is but seven hundred miles in length, it lies on one of the world's great highways and therefore occupies a position of vital importance to commerce between the nations. We are placed in a position to serve the whole industrial world and to be of benefit literally to all people regardless of nationality. Therefore, the policy and aim of the management of this Company should not be to consider merely the interests of our own government and shareholders, but rather to harmonize these with the wider interests of world commerce.[28]

This statement is a clear indication of the foresight of the directors of the Company. They saw in the early days that it would be a wiser and more beneficial policy to make Manchuria a link in the chain of the world's economy, than to monopolize it on behalf of Japan. In short, the open door policy was adopted as the policy of the South Manchuria Railway Company from the very beginning. The problem of how to harmonize the state policy of Japan with these international attitudes is a great test of practical statesmanship. If the problem has not always been solved with complete success, it is at least obvious that no crude policy of monopoly has ever received the serious consideration of the management of the Company.

Regarding the Open Door Policy in Manchuria, however, there is a pertinent fact which requires a short explanation. It is the "special tariff" for the goods transported through the Antung-Mukden Line and the Chosen State Railway. This is taken as a discrimination against foreign nations. For the most part the goods which pass over those lines are destined for Japan or sent from there. As a matter of fact, this policy was established in 1913, when the Japanese Government, with a view to absorbing the freight for the Chosen Railway acquired from China a reduction of one-third in the customs tariff on all dutiable goods transported to Manchuria from Chosen over the Chosen State Railway and the Antung-Mukden line. In spite of the opposition to this policy on the part of the South Manchuria Railway Company this system was continued up to the time of the Washington

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[27] The *Tokyo Asahi,* June 22, 1928.

[28] *A History of Ten Years of the S.M.R.* (in Japanese), by the Company, p. 29.

Conference, when the Japanese Government persuaded the Railway Departments concerned to abolish the system. So far as the South Manchuria Railway is concerned, the system went out of existence from that year. But the Chosen and Japanese State Railway Departments found it necessary to maintain the reduction somewhere between 20 per cent and 78 per cent in order to avoid a sudden rise in the freight rate.

The policy of the South Manchuria Railway, it may be said, is one that is in close connection with the national as well as the international policies of Japan. The Company cannot therefore be placed on the same level as ordinary incorporated bodies seeking profits only, nor can it be classed with privileged colonial companies of a transitional character. At the same time, the scope of the Company's undertakings is strictly economic and its methods are in the main those of regular profit-making institutions. For the study of Japanese economic interests in Manchuria it is, therefore, important to look upon the Company as a "going concern," the keystone of Japan's industrial organization in Manchuria. Our whole Manchurian trade is carried on under the direct or indirect control of the Company. It is therefore necessary to study its operations and enterprises.

Organization of the S.M.R. Co.—The South Manchuria Railway Company was established as a railway transportation company in conformity with Imperial Ordinance No. 142 "Concerning the South Manchuria Railway Joint Stock Company," issued on June 7, 1906.[29] By another Imperial Ordinance issued on August 1st of the same year, the Company was authorized to undertake mining in addition to railway transportation, particularly coal mining at Fushun and Yentai, water transportation, electric engineering, warehousing, real estate business within the railroad land, and with the permission of the government other accessory enterprises "for the benefit of the railway."[30] The Company was registered on December 7, 1906, and opened its offices on April 1, 1907.

The organization of the Company is as follows: one president and one vice president, four or more directors, and three to five supervisors; the president and vice president are appointed by the government with Imperial sanction; the directors are appointed by the government from shareholders holding fifty or more shares; the supervisors are elected from the shareholders at a general meeting; five years for the president and the vice president, four years for the directors, and three years for the supervisors, but in practice the president and the vice president change with each new ministry and, therefore, their terms of office are much shorter. The shares are all inscribed certificates and holders are limited to the Japanese and Chinese governments and the subjects of the two countries. For some reason the Chinese do not own any of the Company's shares. The capital of the Company is 440,000,000 yen. The Japanese government owns one-half, and of this amount 100,000,000 yen is invested in the form of railway lines already completed and the properties attached to them, and of the Fushun and Yentai coal miners. This leaves only 120,000,000 yen in the form of money or cash shares owned by the government. The face value of a share is one hundred yen, and the majority of shares, other than those held by the government, are in the hands of a small number of Japanese capitalists. Recently, during the incumbency of Mr. Yamamoto as president, a plan was projected to make the shares smaller for the purpose of securing a wider constituency of investors, but the scheme was not materialized.

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[29] The first clause of the Imperial Ordinance No. 142, June 7, 1906.

[30] The fourth clause of the Imperial Ordinance of August 1, 1906.

With its fundamental organization thus determined by law, the company has laid down its own rules for the regulation of its procedure and office arrangement. Without touching for the moment on certain historic changes in that system, the present organization of the headquarters of the Company in Dairen may be tabulated as shown on the next page.

Works of the South Manchuria Railway.—Let us glance at the operations of the South Manchuria Railway. These operations are widely ramified, and all are regulated, as it were, by the railway transportation interests which constitute the center from which all other activities of the Company radiate.

Table XVII shows the total expenditures of each line of business or activity from 1909 to 1927.

TABLE XVII

EXPENDITURES OF THE UNDERTAKINGS OF THE S.M.R. (1907—27)

UNDERTAKING	AMOUNT (UNIT 1,000 YEN)			PERCENTAGE		
	Straight Investment	Property Value Invested by the Government	Total	Straight Investment	Property Value Invested by the Government	Total
Railway	213,798	25,720	239,518	33.1	4.0	37.1
Factories	8,428	332	8,760	1.3	0.1	1.4
Ships	4,045	....	4,045	0.6	....	0.6
Harbours	53,583	6,206	59,789	8.3	1.0	9.3
Mines	56,717	46,014	102,731	8.8	7.1	15.9
Iron Foundries	20,748	....	20,748	3.2	....	3.2
Local Equipment	158,740	5,939	164,679	24.6	0.9	25.2
Miscellaneous Equipment	36,383	8,189	44,572	5.6	1.3	6.9
Total	552,442	92,400	644,842	85.7	14.3	100.0

According to this table showing investments in different lines of business, we see that the railways occupy first place with 37 per cent of the total amount of investment. Next come local equipment with 25 per cent and mines with 16 per cent. It is to be noted that among the investments credited to the Japanese government are the Company's old assets which were properties taken over from Russia by the terms of the Portsmouth Treaty. Of these the mines were the largest and the railways came next, while the value of local equipment was scarcely 4 per cent of the amount invested in them at the present time. This shows that the development in railways and local equipment has been the result of investments by the Company since its foundation twenty years ago.

In the next place let us look at the expenditures of these undertakings separately. At the present stage, they may be classified under the following cate-

- President's Office
  - Archives
  - Section of Personnel
  - Examiners
  - Inspectors
  - Secretariat
  - Tokyo Branch
  - Fushun Mines
  - Anshan Iron-foundry
  - Harbin Office
  - Department of General Affairs
    - Section of General Affairs
    - Section of Social Affairs
    - Section of Researches
  - Department of Railways
    - Section of General Affairs
    - Section of Management
    - Passenger Section
    - Freight Section
    - Traffic Section
    - Planning Section
    - Maintenance Section
    - Mechanical Section
  - Local Department
    - Section of General Affairs
    - Section of Local Affairs
    - Engineering Section
    - Section of Construction
    - Section of Education
    - Section of Sanitation
    - Local Offices
    - Medical College of Manchuria
    - Hospitals
    - Middle schools
    - Libraries (Dairen and Mukden)
    - Dairen Engineering Office
    - Sanitary Research Institute
  - Industrial Department
    - Section of General Affairs
    - Section of Trade and Industry
    - Section of Agriculture
    - Sales Section
    - Experimental Farms
    - Cattle-disease Research Institute
    - Geological Research Institute
    - Museum of Manchurian and Mongolian Products
    - Central Experimental Laboratory
  - Department of Accounting
    - Section of Accountants
    - Cashiers' Section
    - Purchasers' Section
    - Warehouse Section

gories: railways, factories, harbours, mines, and iron-foundries. Besides these lines of work, the Company has in the past managed directly such activities as shipping, electric and gas services, hotels, and ceramic works. But recently these undertakings have either been handed over to already existing collateral companies or have been organized into new collateral companies. Thus, at the present, the number of direct undertakings of the Company is smaller than formerly, but on the other hand all the direct and indirect undertakings of the Company having been comprehensively organized into a trust system under the control of the Company, the extent of its undertakings as a whole is really larger than it used to be. We shall see in Table XVIII the business expenditures and the rates of profit and loss of the Company's undertakings both direct and indirect.

TABLE XVIII

Profit and Loss of the S.M.R. Classified

Category	Year	Income (Yen)	Expenditure (Yen)	Profit and Loss (Yen)	Expenditures as Per Cent of Income
Railway......	1907	9,768,887,113	6,101,614,866	3,667,272,247	62
	1914	23,216,721,520	8,345,286,110	14,871,435,310	36
	1921	78,204,132,380	33,172,716,720	45,031,415,660	42
	1926	113,244,180,150	45,235,834,930	68,008,345,220	40
(1) Shipping Coy..	1908	78,320,240	204,199,490	125,879,250	261
	1914	1,051,332,560	1,220,405,970	169,073,410	116
	1921	555,633,300	810,556,440	254,923,140	146
	1927	....	....	....	....
Harbours.....	1907	572,491,618	560,150,572	12,342,046	98
	1914	2,290,612,140	1,963,966,720	326,645,420	86
	1921	7,580,559,810	6,911,904,050	668,655,760	91
	1927	10,275,942,580	9,305,782,430	970,160,150	91
Mines........	1907	1,484,219,250	931,214,381	553,004,869	63
	1914	14,075,813,540	11,858,860,420	2,216,952,120	84
	1921	40,004,029,150	36,708,108,110	3,295,921,040	92
	1927	82,787,419,090	73,039,118,770	9,748,300,320	88
(2) Iron foundries.	1907	....	....	....	....
	1914	....	....	....	....
	1921	3,606,999,110	6,480,725,000	2,873,725,896	180
	1927	9,223,114,000	9,380,656,310	157,542,310	102
(3) Factories......	1907	....	....	....	....
	1916	672,311,060	549,141,680	123,169,380	82
	1920	4,104,431,500	3,839,018,510	265,412,990	94
	1927	....	....	....	....
(4) Electricity....	1907	64,921,400	101,237,578	36,316,178	156
	1914	1,101,737,930	694,875,240	406,862,690	63
	1921	4,297,282,880	3,433,511,920	813,770,960	81
	1927	....	....	....	....
(5) Gas..........	1909	1,347,210	1,839,600	492,390	137
	1914	203,243,950	114,912,090	88,331,860	57
	1921	827,421,530	537,903,160	289,920,140	65
	1927	....	....	....	....
(6) Ceramic works	1907	....	....	....	....
	1914	....	....	....	....
	1924	752,437,060	1,021,369,020	268,931,960	136
	1927	....	....	....	....
(7) Hotels........	1907	59,391,710	90,220,192	30,827,482	152
	1914	253,001,660	309,800,550	56,798,890	122
	1921	1,085,933,290	1,305,092,630	219,159,340	120
	1927	1,000,859,520	1,264,943,690	264,084,170	126
Local equipments..	1907	120,794,451	251,006,122	130,211,671	208
	1914	1,778,544,640	2,864,199,550	1,085,654,910	161
	1921	3,954,463,180	10,386,002,360	6,431,539,180	263
	1927	6,098,233,670	19,104,444,350	13,006,210,680	313

The impression one gets from examining this table is that the undertakings of the South Manchuria Railway Company are now economically much more stabilized than they were at its early stage. They have been rationalized in two ways: first, business expenditures, that is the cost of production, have been lessened; and secondly, these undertakings have been reorganized into a trust system, and those showing ability to stand independently and make profits have been allowed to continue. Take, for example, the railway management. It has always been the most profitable line of business of all the enterprises of the Company, and yet even in this department the operating expenditures have been cut down from 62 per cent to 40 per cent. In the metal refining department, the expenditure in the year of its inauguration (1919) was 180 per cent as against receipts, but today it is 102 per cent and thus is approaching the point where both ends meet. In mines, ships, harbours and electric works, though varying in the degree of their success, the same process of reorganization is going on. This leads to the second step of rationalization, that is the process of reorganizing them into independent undertakings. Recently shipping, electric and gas services, ceramic works, hotel management, etc., have either been made independent or commissioned to collateral companies. These enterprises which have been separated from the Company are now able to devote themselves more directly to the making of profit. Needless to say the South Manchuria Railway Company controls these collateral companies either as the biggest shareholder, or through the offices of their directors or by other personal relationships.

The South Manchuria Railway Company and its subsidiaries.—So long as the South Manchuria Railway Company is charged with the duty of carrying out Japan's state policy which aims at the economic development of Manchuria, and at the same time is to operate a profit-making concern, it is quite natural that it should help the private enterprises of Japanese subjects in Manchuria. This procedure of the Company, together with its financial assistance, in the form of industrial loans, to the Chinese government as well as to her people, should be recognized as an important economic contribution. In view of the present disorganized state of the Japanese banking system in Manchuria (plans for reform have been projected in the past, but none have as yet materialized)[31] we are forced to admit that the South Manchuria Railway Company has discharged an important function in financing the industries of Manchuria. The Company is therefore not only the controlling body of a whole chain of industrial enterprises in Manchuria, but is also the central financial institution in the territory.

Table XIX shows the amount of capital invested by the South Manchuria Railway Company, first in independent companies and second in assisted companies in general. These companies are classified according to their undertakings.[32]

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[31] Yoshiro Shinozaki, *Financial Conditions in Manchuria* (in Japanese), Vol. II, pp. 429–473; Kei Fujioka, *op. cit.* (In Japanese), pp. 215–218.

[32] *The Second Ten Years' History of the South Manchuria Railway Co.* (in Japanese), by the Company, pp. 927–1008; *Conditions of Japanese Investment in Manchuria and Mongolia* (in Japanese), by the Research Bureau of the Company, pp. 8–11.

TABLE XIX

Amount of Investments of the S.M.R. Co. in Collateral Companies

Category			Name of Company	Year of Establishment	Capital	Amount invested by S. M. R. Co.
					Yen	Yen
A	Independent Companies		South Manchuria Electric Company	May 1926	25,000,000	22,000,000
			South Manchuria Gas Company	July 1925	10,000,000	9,300,000
			Dairen Ceramic Work Company	July 1925	1,200,000	1,200,000
			Ta Hua Ceramic Work Company	Oct. 1920	87,275	144,167
			Chang Kuang Glass Company	April 1925	3,000,000	1,200,000
B	Assisted Companies in General	Exchange Trust Companies	Mukden Exchange Trust Co.	July 1921	875,000	437,000
			Kaiyuan Exchange Trust Co.	Oct. 1915	2,000,000	32,700
			Kunchuling Exchange Trust Co.	Aug. 1919	500,000	125,000
			Changchun Exchange Trust Co.	Mar. 1916	1,000,000	125,625
			Tiehling Exchange Trust Co.	Nov. 1919	500,000	62,500
			Ssupingkai Exchange Trust Co.	Aug. 1919	500,000	62,500
		Market Companies	Manchuria Market Co.	Aug. 1916	400,000	50,000
			Changchun Market Co.	May 1917	50,000	15,000
			Fushun Market Co.	May 1918	100,000	2,500
		Electric Companies	Wafangtien Electric Co.	Oct. 1914	500,000	20,625
			Tashihchiao Electric Co.	July 1916	50,000	20,625
			Ssupingkai Electric Co.	April 1917	35,000	71,250
			Kungchuling Electric Co.	Aug. 1916	25,000	51,870
			Fanchiatun Electric Co.	Nov. 1920	50,000	750
			Liaoyan Electric Co.	May 1912	200,000	100,000
			Tiehling Electric Co.	Nov. 1910	150,000	144,500
			Yingkow Water & Electric Co.	Aug. 1909	2,000,000	1,263,500
		Transportation and Mining Companies	Dairen Steamship Co.	Jan. 1915	10,000,000	4,750,000
			Manchuria Dock Co.	April 1923	2,000,000	1,000,000
			Fushun Coal Sales Co.	April 1923	3,000,000	150,000
			Fukushoka Industrial Co.	Oct. 1923	1,800,000	1,400,000
			Anshan Iron Mine Undertaking Co. Mining Dpt.	Mar. 1916	....	....
			Penchihu-Chienchang Ry. Co.	....	570,000	399,000

TABLE XIX—*Continued*

Category			Name of Company	Year of Establishment		Capital	Amount invested by S. M. R. Co.
						Yen	Yen
B	Assisted Companies in General	Manufacturing Companies	Dairen Oil Industry Co.	April	1916	250,000	90,000
			Dairen Oil Refinery	Sept.	1918	3,000,000	6,125
			Manchuria Spinning Co.	Mar.	1923	5,000,000	625,000
			Dairen Industrial Co.	April	1918	500,000	107,000
			Sino-Japanese Match Manufacturing Co.	Oct.	1907	300,000	1,800
			Manchurian Flourmill Co.	Dec.	1906	5,750,000	20,375
			Manchuria-Mongolia Woolen Co.	Dec.	1918	3,000,000	102,375
			South Manchurian Flour-mill Co.	Dec.	1916	10,000,000	220,575
			South Manchurian Mining Co.	April	1918	375,000	194,900
			Manchuria Mining Co.	April	1919	1,000,000	12,500
			Asia Tobacco Co.	Oct.	1919	1,500,000	7,500
			Manchuria Brush Co.	May	1919	500,000	25,000
			Ta Hua Electro-Metallurgical Co.	Mar.	1918	....	150,000
		Railway Company	Chosen Railway Co.	Sept.	1923	52,500,000	37,500
		Miscellaneous Companies	Mansen Mine-post Co.	Dec.	1919	3,000,000	600,000
			Dairen Fire & Marine Insurance Co.	July	1922	2,000,000	166,250
			Kirin Storage Financing Co.	Aug.	1918	48,000	15,000
			Sino-Japanese Trading Co.	Aug.	1913	5,000,000	60,000
			Oriental Industrial Co.	Aug.	1909	60,000,000	25,000
			Manshu-Mongolia Cold-storage Co.	April	1922	1,000,000	1,250
			Oriental Industrial Promotion Co.	Jan.	1922	20,000,000	2,125,000
			Stsumen Lumber Co.	June	1922	6,000,000	2,222,000
			Manchurian Daily News Co.	Nov.	1908	500,000	500,000
			Genzan Sea-bathing Co.	June	1923	150,000	100,000
			Oriental Engineering Enterprise Co.	Sept.	1921	5,000,000	47,500
			Tangkangtsu Hot-spring Co.	Mar.	1920	2,000,000	31,250
			Anshan Real-estate Trust Co.	Oct.	1921	1,000,000	426,030

b) Economic Role of Japanese Subjects in Manchuria

Number of Japanese residents in Manchuria.—In July, 1928, the Japanese in Manchuria numbered about 203,000 and the Koreans 893,000. Among the Japanese some 195,000, that is about 97 per cent of the total, live exclusively in South Manchuria (within the Province of Kwantung, the S.M.R. Zone, and six consular jurisdiction areas in South Manchuria). There are about 490,000 Koreans in South Manchuria and about 400,000 in North Manchuria.[33] Twenty years have passed since Japan took to herself the task of developing Manchuria. In spite of this fairly long period, the present Japanese population in the territory is but 2.8 times that of 1909, when there were 68,000 Japanese. Thus the earlier hopes of our statesmen, that a million Japanese subjects, or at least a half million agricultural and industrial workers would migrate to Manchuria in ten years, have not been realized.[34] Manchuria, as a solution of the problem of overpopulation in Japan has not materialized.[35]

Occupations of Japanese residents.—In order to see what economic activities are carried on by the Japanese residents in Manchuria, a classification of their occupations is given below. The Japanese people in Manchuria differ according to localities, as do also their occupations. For instance, in Kwantung Province the larger group, 36.8 per cent, are engaged in manufacturing, 24.6 per cent are in the professions and public services, 20.4 per cent in commerce, and 17.1 per cent in transportation. These four occupations taken together constitute 98.9 per cent of the total, indicating that other occupations are of little importance in this particular locality. In the railway zone and in the districts under consular jurisdiction, commerce stands first with 24.3 per cent, transportation next with 24.2 per cent, manufacturing third with 16.9 per cent, and the professions and public service fourth with 14.9 per cent, making 80.3 per cent of the total. And while there are some fairly significant variations, the situation here is not fundamentally different from that in the Kwantung Province. The population engaged in the mining industry is large in these localities, due to the presence of the great mines at Fushun, Anshan, and Penhsihu.

In the hinterland beyond the railway zone and in North Manchuria, the situation is very different from those just described. Here the commercial population occupies 53.3 per cent of the total, and public service and the professions together make up 22.1 per cent. Those engaged in agriculture, mining, etc., constitute but 4 per cent. Summarizing the whole situation, we find that of the Japanese in Manchuria 23 per cent are engaged in commerce, 21.3 per cent in manufacturing, 20 per cent in transportation services, and about the same in public service and the professions together. These four classes amount to 84.7 per cent of the whole. No other occupation has as much as 5 per cent of the population. A small part of the population, only 3,254 or 1.7 per cent, are engaged in agriculture and fisheries. This situation may be tabulated as in Table XX.

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[33] *Manchurian and Mongolian Year Book* (in Japanese, 1929), pp. 15–17.

[34] S. Goto, *Outline of Japanese Colonization Policy* (in Japanese), p. 40.

[35] *Japanese Problem of Population and Manchuria and Mongolia* (in Japanese), by the Research Section of the Company, p. 245.

TABLE XX

Classification by Occupations of Japanese Residents in Manchuria

Category	Number			Percentage		
	Men	Women	Total	Men	Women	Total
Agriculture	1,249	1,007	2,326	1.27	1.17	1.22
Aquatic industry	413	326	739	0.42	0.35	0.39
Mining	4,602	4,236	8,838	4.66	4.61	4.63
Manufacture	21,896	18,850	40,746	23.18	20.49	21.39
Commerce	23,608	21,230	44,838	23.92	23.08	23.51
Transportation	20,477	17,640	38,177	20.75	19.18	19.99
Public service and the professions	19,333	18,859	38,192	19.59	20.50	20.00
Miscellaneous	2,847	5,673	8,520	2.88	6.17	4.47
Domestic workers	822	1,673	2,417	0.84	1.72	1.27
Unemployed	3,446	2,506	5,952	3.49	2.72	3.12
Total	98,702	91,982	190,685	100.00	100.00	100.00

In order to see occupational conditions on the basis of the above table, we shall now divide the population into employers, officials and labourers. According to the first census taken on October 1, 1920, there were 83,915 dependents out of 170,482 persons registered. The remainder of 82,962 are divided as follows: employers 17,800, officials 5,688, and labourers 5,951. This comparatively small group takes a leading part in the economic life of Manchuria, employing a large number of Chinese and Koreans in the various enterprises under their direction. If one compares the number of Chinese with the number of Japanese in various industries it is found that in agriculture the Chinese occupy 90 per cent, in aquatic industry 98 per cent, in mining 82 per cent, in commerce 72 per cent. Even in the more technical lines such as manufacturing and transportation, the Chinese percent-

TABLE XXI

Proportion of Japanese and Chinese in Each Industry Run by the Japanese

Industry	Workers		Dependents		Total		Percentage	
	Japanese	Chinese	Japanese	Chinese	Japanese	Chinese	Japanese	Chinese
Agriculture	11,484	135,493	18,073	246,355	29,557	381,848	8.8	90.2
Aquatic industry	232	11,228	421	29,641	653	40,869	1.6	98.4
Mining	2,244	31,005	5,104	4,258	7,348	35,263	17.2	82.8
Manufacture	16,334	48,623	29,972	38,943	46,306	87,566	34.6	65.4
Commerce	15,111	57,623	23,025	39,434	38,136	97,057	27.5	72.5
Transportation	11,242	31,932	23,554	24,793	34,796	56,725	38.1	61.9
Public service and the professions	13,574	8,599	22,659	10,398	36,233	18,997	65.6	34.4
Miscellaneous	4,746	29,745	4,958	29,478	9,707	59,223	13.9	86.1
Domestic work	1,694	9,672	686	2,870	2,380	12,542	16.0	84.0
Unemployed	489	1,815	4,664	8,584	5,153	10,399	33.3	66.7
Total	77,164	365,735	133,136	434,714	210,300	800,449	19.8	80.2

ages are 65 per cent for the former and 62 per cent for the latter. Many of these Chinese are of course employed by the Japanese. The only occupations in which the Japanese outnumber the Chinese are the public services and the professions. Here the Japanese occupy 65 per cent. These percentages make clear the industrial role of the Japanese residents in Manchuria.[36]

Most of those engaged in public services, the liberal professions, transportation, and mining as shown in table 17, are connected with the South Manchuria Railway Company or the Kwantung Government. The total number of employees of the South Manchuria Railway Company in 1926 was 20,572, and of the Kwantung Government about 6,600. After subtracting these from the 82,000 Japanese engaged in actual economic activities there are about 55,000 Japanese who are not connected with the South Manchuria Railway Company or the Kwantung Government.[37]

Commerce.—Commerce ranks first numerically in the economic activities of the Japanese residents in Manchuria, though the number so engaged in not necessarily a key to the quantity of goods distributed in Manchuria. In 1927 there were 448 Japanese joint-stock companies engaged in trading and having their main offices in Manchuria or Mongolia, and the aggregate total of their capital was 79,000,000 yen. Among these, the small companies with capital of 10,000 yen or less numbered 182, but those with a capital of 1,000,000 yen or less were 438, or 97 per cent of the total number.[38] The aggregate amount of capital of private enterprises was 56,000,000 yen and the volume of their transactions 96,500,000 yen. Commercial loans to all these incorporated and private enterprises, issued on the security of real estate by Japanese banks in Manchuria, amounted in 1926 to 22,702,829 yen. Since such loans can be recognized as a part of capital invested, the Japanese commercial activities in Manchuria and Mongolia employ capital amounting to about 347,000,000 yen in the aggregate.

The total amount of active capital or investing capacity of Japanese banks in Manchuria is approximately 300,000,000 yen for every half year. But one characteristic of the South Manchuria Railway Company in relation to commercial activities, is its investment in the trade of specific products in Manchuria. Therefore, in a consideration of commercial capital such as the above, loans by the South Manchuria Railway Company to certain commercial bodies dealing in specific products should be taken into account. These loans amount to more than twenty million yen in silver and gold every half year. It is difficult to know just how much of this twenty million is apportioned to Japanese enterprises, but nevertheless the fact is worth mentioning. We may summarize by saying that the Japanese trade in Manchuria is working with capital of 360,000,000 yen.

Banking.—The Japanese banks in Manchuria have lately been amalgamated into a few big banks, of which the Bank of Chosen, the Yokohama Specie Bank, the

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[36] The S.M.R. Co., *Numerical Considerations of Labour Questions in Manchuria* (in Japanese), pp. 11–12.

[37] The S.M.R. Co., *Our Problems of Overpopulation in Relation to Manchuria and Mongolia* (in Japanese), p. 146.

[38] S.M.R., *Condition of Japanese Investments in Manchuria* (in Japanese), pp. 75–76.

Seiryu, and the Manchurian are the largest. The latter two are local banks having their central offices in Manchuria. There is also the Banking Department of the Oriental Colonization Company with its main office in Korea, which functions as a financing agency mainly in land transactions. The loans of these four banks amount to 73.6 per cent of the total loans of 345,000,000 yen at the end of 1926. If we add to this the loans on immovable properties by the Oriental Colonization Company amounting to an additional 20.7 per cent, the total of the five banks becomes 94.3 per cent, leaving 5.7 per cent to all other banks. These loans are secured as follows: 40 per cent by immovable properties, 30 per cent by credit, 13 per cent by documentary securities and merchandise. Thus the percentage of securities in stocks and bonds is very small.[39] There are several reasons why the Japanese banks in Manchuria stress the importance of security by immovable property. It is due partly to the absence of a suitable real estate bank in Manchuria,[40] and partly to the prevalence of the custom of issuing promissory notes with collateral securities, since there is generally little credit extended to merchants, and the technique of commercial transactions is poorly developed. It may also be in part a reflection of the Japanese political and geographical relation to Manchuria. In the Harbin district there has been a tendency of late to look upon loans on real estate as dangerous, because of recent developments in Chinese land policy. The fact that banks in Manchuria controlled by American interests make loans mainly on freight is partly due to America's primary interest in the promotion of trade, and partly to her relations with Manchuria, which are of course entirely different from those of Japan.

The total bank deposits are 140,000,000 yen of which 96 per cent is in the four leading banks. The entire amount of exchange transactions, 1,380,000,000 yen, was handled solely by these four banks. These exchanges were mainly between Japan and Manchuria or within Manchuria. A noteworthy point is the fact that the deposits amount to only 40 per cent of the loans. This comparatively small amount of deposits includes those of Chinese and Europeans. These circumstances reveal the limited financial capacity of Japanese residents in Manchuria.[41]

Manufacturing.—There are more than 350 factories run by the Japanese in Manchuria, but the total amount of capital actually invested in them is only about 70,000,000 yen. Enterprises on a small scale with 100,000 yen or less of nominal capital, make up about two-thirds of the total number. There are only three that are capitalized at more than 5,000,000 yen.[42] According to the classification adopted by the Research Bureau of the South Manchuria Railway Company in its inquiry, the Japanese in Manchuria are engaged in such enterprises as iron manufacturing, dyeing, weaving and chemical industries, oil refining, ceramic works, lumbering, the manufacture of food stuffs and beverages, flour milling, distilling, printing, making of leather goods, etc. The industries which receive more than 50 per cent of their necessary raw materials from Manchuria are the oil refineries, the distilleries, the flour mills and lumbering. These industries which are characteristic of the region, are for the most part small, and the raw materials consumed in their operations are produced in limited quantities. Therefore, there must be greater concentration on the production of raw materials and greater care exercised in determining the kinds of industries to be promoted there. This is especially true since Japan is herself an industrial country.[43]

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[39] Y. Shinozaki, *Financial Conditions in Manchuria* (in Japanese), Vol. I, p. 304.

[40] The S.M.R. Co., "Outlook of Money Circulation in Manchuria," *Pamphlet No. 54*, p. 62.

[41] Y. Shinozaki, *op cit.*, p. 313. The S.M.R. Co., *Outlook of Money Circulation* (in Japanese), p. 61.

[42] The S.M.R. Co., *Condition of Japanese Investments in Manchuria*, p. 75.

Mining and forestry.—Excepting for those under the South Manchurian Railway Company, there are few mining operations worthy of note undertaken by the Japanese in Manchuria. The total number of mining operations is nineteen and the aggregate sum of their paid-up capital is only 2,300,000 yen. There are some fairly big enterprises under joint Chinese and Japanese management in mining and lumbering. In mining there are twelve such companies with total capital of 11,000,000 yen of which 3,950,000 yen is the nominal investment of the Chinese. The iron foundry at Penhsihu with a capital of 5,000,000 yen is owned largely by the Okura Trading Company. In lumbering there are six companies with 13,000,000 yen capital (the Chinese nominal capital being 5,430,000 yen and the Russian, 2,000,000 yen). The largest company is the Cha-Mien Lumber Company with capital of 6,000,000 yen under the joint management of Japanese, Chinese and Russians. Among the mining enterprises in Manchuria, only two, the Fushun Coal Mine and the Anshan Iron Mine, are important. The latter has recently succeeded in improving and renovating poorly producing mines. The Fushun mines produce 550,000 tons of coal annually, while the total output of coal in Manchuria is 6,500,000 tons a year. In lumbering, development is also retarded owing to difficulties in transportation and to the limited local demand. The pulp industry is now in a critical position, because of the importation of cheap goods from abroad.[44]

Agriculture.—Agriculture is the most important of all the industries of Manchuria. The production of wealth in this region may be said to be almost entirely dependent upon agriculture. This is particularly true of the bean industry, which produces some 35,000,000 *koku* of beans annually. Let us glance at the agricultural undertakings in Manchuria according to the kinds of products: (1) native products, (2) special products, (3) rice, (4) fruits and vegetables. For the production of the first, the Japanese are not qualified, and it is therefore carried on exclusively by the Chinese. The Japanese farmers in Manchuria lack capital, skill and experience.[45] These limitations have hitherto hindered the Japanese from going into agriculture in Manchuria. In 1926 the Japanese farming population in Manchuria was only 2,326. In contrast with this small number, there were more than 700,000 Koreans engaged in rice culture in different districts of Manchuria, and this in spite of uncertainty with respect to their rights of land tenure, and oppression by local Chinese officials. The total area of rice fields in Manchuria is 1,120,000 *tan* and the annual rice production is about 2,300,000 *koku*. Of this production the Koreans are responsible for 70 per cent, the Chinese for 24 per cent and the Japanese for only 6 per cent.[46] It is calculated roughly that the available area for rice cultivation in Manchuria is about ten million *tan* and the possible amount of rice production about fifteen million *koku*. In view of these immense possibilities, it is very natural that Manchuria should be regarded as an important factor in the solution of Japan's food problem.

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[43] See inquiry made by the S.M.R. Co. under the title, *The Conditions of Industry in Manchuria,* Vol. II (only 165 factories out of some 350 are dealt with); Y. Abe, "Industrialization Policy for Manchuria" (in Japanese), (study for the *Journal of Law and Economics,* Vol. I, No. 4).

[44] *What May Be Expected from Manchuria and Mongolia* (in Japanese), by the S.M.R. Co., pp. 22–23.

[45] *Manchurian Rice as Merchandise* (in Japanese), by the S.M.R. Co., p. 20.

In the cultivation of cotton, tobacco, sugar beets, peanuts, sesame, flax and other such special products, improvement and introduction of new varieties have been effected through experiments conducted by the Experimental Farms of the South Manchuria Railway Company. Further developments in these lines are to be expected. A cotton plantation in the Kwantung Province has lately been promoted by the Japanese and this, as well as fruit culture, is counted on as a hopeful line of agriculture for the future.[47]

3. ECONOMIC RELATION OF MANCHURIA TO JAPANESE INDUSTRIES

In order to understand the economic relation of Japan to Manchuria, we have reviewed several of its aspects, such as the capital invested, Japanese economic activities in the territory, etc. The next step is to make clear the importance of Manchuria to the industries of Japan.

If we look upon Manchuria simply as a market for the export of capital, its value up to the present at any rate has been slight, as is proved by the results of loans to China and to the Chinese. For this reason Japanese capital exported to Manchuria is now invested in industries controlled by the Japanese. But even then the returns are not favorable, when compared with the situation at home, except in the case of the railway itself. And since the S.M.R. Company applies a large part of the returns from its capital to unproductive channels, such as the promotion of industries and local administration, the part which goes to the individual shareholders is greatly reduced. While it is true that Manchuria absorbs a large quantity of Japanese goods, amounting annually to more than a hundred million yen, it must be remembered that Japan is a larger buyer than seller in relation to Manchuria. In other words the annual trade balance is against Japan.

The question then arises as to why Japan and the Japanese continue to invest such large sums of capital in Manchuria in the effort to promote industrial activities there? The answer is that investments in Manchuria are not viewed exclusively from the standpoint of immediate profit. The wider significance of the relationship lies in the expectation that Manchuria offers to Japan a solution of serious national problems that seem to threaten her future development. Certain enterprises in Manchuria may, for example, be unprofitable until they are linked up with a system of production that involves both Japan and Manchuria. It is possible even now, not to speak of the future, to see that the industries of Manchuria are of vital concern to Japan. It is in this view of an organic economic relationship between Japan and Manchuria, that a solution of Japan's problems of food and raw materials seems to emerge. These broader considerations are now fully recognized by our statesmen and by the leaders of the South Manchuria Railway Company, and policies based upon them are gradually being put into practice. An example of this was the so-called positive economic policy of Mr. Yamamoto, former president of the South Manchuria Railway Company. Recently, in tendering his resignation, following a change of government at home, he spoke as follows:

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[46] The S.M.R. Co., *Japanese Food Problems and Manchuria* (in Japanese), p. 37.

[47] Toyoji Chiba, *Founding of Japanese Farms in Kwantung* (in Japanese), pp. 23–24. In this book are listed many lines of agriculture, both suitable and unsuitable for Japanese.

> The present economic state of our country is very unfavourable. The basic cause of this is in the deficit of about 150,000,000 yen in our international account. The only way to remedy this unfavourable situation lies in the development of our industries. Look for a moment at Manchuria and Mongolia. There the area of arable land is about four times as large as that of Japan, and its future prosperity in agriculture, forestry, and stock-breeding is assured by the hosts of Chinese immigrants crowding into the territory every year. Besides, the amount of coal, iron, and other mineral resources is said to be incalculable. And since these abundant raw materials are obtainable at a comparatively low cost it becomes the primary duty of the South Manchuria Railway Company to exploit these resources for the sake of Japanese industries, and thereby improve our whole economic situation.[48]

While this may sound somewhat exaggerated, it was nevertheless the course which Mr. Yamamoto attempted to follow during his two years in office. When such a policy is adopted by the South Manchuria Railway Company and is then joined with the activities of capitalists at home, the result will doubtless be what is termed economic imperialism. Be that as it may, we cannot overlook the underlying facts and realities which beget such a policy. In short, the economic value of Manchuria to Japan should be judged from the angle of Japan's problems of food and raw materials, and of her industrial development, present and future.

a) Problems of Population and Food in Relation to Manchuria

The main agricultural products of Manchuria are soya beans, millet, corn, wheat, red-beans, and barley. There are no accurate statistics of production of these farm products. But it may be said that with the improvements effected year by year in the methods of cultivation, some one hundred and twenty or thirty million *koku* of these cereals are now produced annually.[49] Besides these, rice, cotton, tobacco, mulberry, sugar-beet, peanuts, and sesame, are important farm products that have also been introduced. These newer products are not yet produced in sufficient quantities to supply fully Japan's needs in food and materials for industry, though the future is very promising.

The total area of cultivated land in Manchuria is about 12,000,000 cho, which is about twice as large as that of Japan proper. The area of uncultivated arable land in Manchuria is about 10,000,000 cho. When it is recalled that about 300,000 *cho* of land are brought under cultivation every year, a great future for Manchurian agriculture seems assured.[50] While the amount of home consumption of each of the above mentioned special products in Manchuria is not uniform, in general it may be said that half of the total production is consumed within the territory, leaving about sixty to seventy million *koku* for export.

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[48] Speech at a meeting of a society for the employees of the S.M.R. Co., August 1, 1929.

[49] The S.M.R. Co., "What To Expect from Manchuria and Mongolia" (in Japanese), pp. 9–10.

The soya bean.—The output of Manchuria soya beans, which is about 50 per cent of the total soya bean production of the world, is 25 to 26 million *koku* annually. Of this amount, about 20 per cent is consumed at home. Therefore, about twenty million *koku* are exported as beans or as bean-cake and bean-oil to foreign markets. In contrast with this enormous production in Manchuria, the annual production of beans in Japan is less than 3,900,000 *koku.* The demand for beans in Japan in order to provide for the manufacture of bean-sauce, bean-paste, bean-cheese, bean-oil, etc. as well as for fertilizer in the form of bean-cake, is very considerable, and is roughly estimated at about seven or eight million *koku.* This means that the home supply of beans is less than half the demand. The shortage is met chiefly by imports from Manchuria. The average annual import is valued at about forty to fifty million yen.[51]

The importation to Japan of Manchurian bean-cake for use as fertilizer has always been very large. Of late however it has decreased somewhat because it has been found to be inferior to ammonium sulphate as a nitrogenous fertilizer. In spite of this, its annual importation into Japan amounts in value to about seventy to eighty million yen. In 1919 and 1920 it reached a hundred million yen. The percentage of bean-cake in the total amount of fertilizers imported by Japan, at one time reached more than 70 per cent. Of late it has decreased to between 50 per cent and 60 per cent. At any rate, the importance of Manchurian bean-cake to agriculture in Japan is obvious.

Other beans and peas.—The annual amount of Japanese imports of legumes other than soya beans, such as red beans, horse beans, peas, peanuts, etc., is valued at about fifteen million yen. These are imported mainly from Manchuria and other parts of China. The amount imported from Manchuria is several million yen yearly.

Millet and corn.—These are mostly consumed at home as the principal foods of the native Chinese. Some millet is now being exported to Korea as food for the Koreans, and consequently a larger amount of rice is exported to Japan from Korea. This importation of millet helps solve the food problem in Korea. Pulp manufactured from the stalks of tall millet, and starch manufactured from corn are now regarded as two promising Manchurian enterprises for the future.

Kwantung salt.—Kwantung salt has a special relation to the Japanese food problem. In Japan the annual consumption of salt is about 1,500,000,000 *kin* while the amount produced in the country does not exceed 1,100,000,000 *kin.* The deficit is made up by imports. As the population increases and chemical industries develop in Japan this deficit will naturally increase. The coast line of the Kwantung Province is long and the air is dry, so that its sea-shores are specially fitted for salt production. At present the annual amount of salt produced in the province is about 500,000,000 *kin* and it is said that it will be possible to double the amount in the future. But the Kwantung salt production has its own problems, for Tsingtao salt is now a powerful competitor. Besides, owing to the salt monopoly in Japan, the amount of importation of Kwantung salt to Japan is limited to about a hundred million *kin* annually, and its importation to Korea fluctuates between one hundred million and two hundred million *kin*. This situation is responsible for overproduction of Kwantung salt and the provincial administration has been compelled to resort to a subsidy in order to help the salt industry. Kwantung salt has been used in Japan for the manufacture of bean-sauce and bean-paste, but more of it is used now for chemical industries, because its quality is better suited for that purpose.[52]

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[50] The Research Bureau of the S.M.R. Co., "Consumption and Production of Manchurian Farmers" *Report No. 13.*

[51] The S.M.R. Co., *Japanese Food Problems and Manchuria* (in Japanese), p. 80.

Live-stock.—There is not at present sufficient stock raising in Manchuria to help in solving the food problem of Japan, but for the future when the means of transportation have been more developed and breeds of cattle improved, Manchuria with its wide spaces and cheap labor, will naturally supply a large part of Japan's demand for meats.

In brief it may be said that although Japan has failed in direct colonization in Manchuria, she is succeeding in relieving her food shortage at home by improving agriculture in Manchuria. By this means Japan hopes to liquidate gradually the unfavorable balance in her international trade account, which is caused largely by the importation of food products from other countries to the value of more than 300,000,000 yen annually.[53]

b) Raw Materials for Manufacture and Manchuria

Coal, iron, and petroleum are the three basic requirements in the present and future development of Japanese industries. Salt and soya beans are also essential to our chemical industries, and as has already been pointed out, there is every prospect of an adequate supply of these for the future. Our pongee silk industry, which has recently undergone phenomenal development, will be increasingly dependent on the Manchurian tusser-silk for its raw material. Japan is importing every year some five or six hundred million yen's worth of cotton from abroad for her spinning and weaving industries, but it is now hoped that the promising development in cotton production in Manchuria will gradually change this situation. Magnesite and dolomite found in Manchuria in abundance are also valuable raw materials for Japanese industries.[54]

Coal.—The central importance of coal in Japan's phenomenal industrial development is of course too obvious for discussion. Up till 1923, Japan exported coal, besides satisfying her own needs. Since then, she has become a coal importing country. The estimated amount of coal deposit in Japan proper at present is only five billion tons, or about 1/500 of the estimated deposit in the United States. If our annual coal consumption continues at the present rate, we will exhaust our limited supply within fifty or sixty years or, at the longest, in a century.

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[52] Salt is not only used for food but is also an important material for chemical industries. As to the amounts consumed by the industries in Japan, see p. 140 of *Manchurian Products and Their Demand Situation in Japan* (in Japanese).

[53] The S.M.R. Co., *Japanese Food Problems and Manchuria*, p. 4.

[54] The S.M.R. Co., *Importance of Manchuria to Japanese Chemical Industries* (in Japanese). On p. 4 a useful list of minerals, plants, and animals is given.

In Manchuria the estimated amount of coal deposit, mainly in and around the Fushun, Yentai and Penhsihu coal regions alone, is about 1,500,000,000 tons. This calculation, however, is but partial, and as railways develop and researches advance, we shall know more of these deposits. The Fushun Mines have a calculated deposit of a billion tons. Their recent annual output has been about 6,500,000 tons, of which about 3,000,000 tons can be exported. Thus the Fushun coal offers an excellent means of relieving the coal shortage at home. Its export to Japan is yearly increasing. In 1912 the amount exported to Japan was 110,000 tons; in 1921, it was 290,000 tons, in 1922 it suddenly rose to 610,000 tons, and in 1927 to 1,700,000 tons. There is another coal center in East Inner Mongolia, the Shinchiu Mines, in which the South Manchuria Railway Company has invested some capital and where the coal deposit is supposed to be one billion tons. Once a railroad is built to these mines, the demand for coal by Manchurian industries will be met by these mines, while the output of the Fushun mines will be directed mainly toward relieving the coal shortage of Japan, which will be as much as 8,000,000 tons yearly.[55] Thus the Manchurian coal is likely to be the salvation of Japanese industries in the future.

Iron.—The iron industry is a vital element in Japan's status as a world power. Our home demand for steel is increasing annually. It was only 210,000 tons in 1896, but by 1927, just thirty years later, it had increased tenfold and stood at 2,100,000 tons. Japan has practically no iron deposit within her own boundaries, her annual steel output at present being only 1,100,000 tons, or about half her requirements. Her pig-iron supply, too, is short about 300,000 tons every year. All these shortages are met by importation from abroad. Confronted with a situation so disheartening, it is not surprising that hope is revived by the prospects of the iron-foundries at Anshan and Penhsihu in Manchuria. Especially is this true of the Anshan foundry, in the development of which the South Manchuria Railway Company has spent freely its energy as well as its capital. The calculated amount of ore deposit containing about 35 per cent of iron is about three billion tons, but unfortunately the major part of the deposit seems to be a poor grade of ore, containing less than 40 per cent of iron. Since 1920 the South Manchuria Railway has been trying to discover a means whereby the extraction of iron from this grade of ore can be put on a paying basis. After numerous experiments, success has attended their efforts in the discovery of a method called the Anshan method of Magnetic Deoxidization, whereby an ore containing 55 per cent of iron is artificially produced. The foundry is now producing some 200,000 tons of pig-iron. An extension costing about 5,500,000 yen is now in process of being built. It will begin operations within the present year with an annual capacity of 280,000 metric tons of iron. The Penhsihu Iron foundry is producing about 40,000 tons of pig-iron every year. These two foundries together will undoubtedly play an important role in the further development of industries in Japan.

[55] K. Abiru, *op. cit.*, p. 21.

Petroleum.—Japan is poor in petroleum deposit. Furthermore she has been far outstripped by other powers in the world-wide competition for the control of oil resources. At the same time the home consumption of oil is increasing yearly and consequently there is a corresponding increase in the importation of oil. The annual deficit in Japan's oil supply is about 700,000 tons. This is exclusive of two to three hundred thousand tons used by the Japanese navy, making a shortage of about one million tons annually which we are compelled to make up by importations from abroad at a cost of nine million yen.

It was for these reasons that the Japanese Government once saw the necessity of getting hold of the oil deposit in North Saghalien. At present Japan is trying hard to exploit the oil-shale of Fushun in Manchuria. The total amount of oil-shale deposit in the coal region of Fushun is supposed to be some five billion tons. The crude oil percentage of this shale is 5.5 per cent. Supposing 5 per cent of it is extractable, we shall get approximately two hundred million tons of petroleum at Fushun. That amount is sufficient, if the present rate of consumption continues, to meet Japan's needs for more than a century. Since 1921, the South Manchuria Railway Company has been trying, in cooperation with the Navy Department, to find the most scientific method of extracting oil from the oil-shales at Funshun. A special dry distillation method of extraction has finally been discovered. Last year the Company invested the huge sum of 8,500,000 yen in order to establish an oil-refinery at Fushun. It is to be completed within the present year, and will produce annually 54,000 tons of petroleum, and as by-products, 18,000 tons of ammonium sulphate, 9,400 tons of crude paraffin, and 4,900 tons of coke. At present our shortage in oil can be met only by importation of foreign oil. The brighter prospects of the oil industry, however, are said to have brought hope to industrial leaders as well as to those responsible for our national defence.

Salt for industrial use.—We have already seen that salt production in Kwantung Province is even now an important industry in that in the future it will be more so. The Kwantung salt imported into Japan is used mainly in the soda industry; therefore as this industry develops, the demand for salt will naturally increase. There is also a plan on foot now to launch a soda industry in the Kwantung Province to absorb the present overproduction of salt as well as to care for any future increase in production.[56] As the other necessary materials for the soda industry, such as lime, ammonium sulphate, coal, etc., are also easily procurable in the Kwantung Province, the industry may start at once provided an adequate supply of good water is available. Japan is importing annually 100,000 tons of soda ash at a cost of more than 10,000,000 yen. Furthermore, the producers in Japan are always suffering from fluctuations in price. Therefore, if this project succeeds, the demand for soda ash in Japan will be entirely met.

Bean-oil.—As has already been explained, the amount of Manchurian soya beans imported to Japan, out of a total annual production amounting to twenty-five or twenty-six million koku, is very considerable. These imports are used mainly as food and as raw material in the manufacture of oil. Bean-oil also contributes substantially to the chemical industries in Japan.

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[56] The S.M.R. Co., *Importance of Manchuria in Relation to the Chemical Industries in Japan* (in Japanese), p. 62.

Tusser-silk.—The main source of raw materials for pongee weaving, a rapidly expanding industry in the districts of Fukui, Gifu and Kyoto, is the Manchurian tusser-silk. The average annual production of tusser-silk cocoons in Manchuria is about eight billion and is valued at approximately twenty-five million yen. About 40 per cent of this total is exported to China proper, mainly to the Shantung Province, and the remaining 60 per cent is absorbed by the filature mills in the vicinities of Antung and Kaiping in South Manchuria. Seventy per cent of the tusser-silk produced in these mills is exported to Japan and there made into pongee. According to the latest figures the aggregate annual value of the tusser-silk passing through the three southern ports (Dairen, Newchang and Antung) en route to Japan is about 7,800,000 standard taels. The Manchurian tusser-silk is therefore of vital importance to the pongee weaving industry of Japan.

Cotton.—The spinning industry in Japan has made steady progress during the last few decades. Although Japan is now consuming the second largest amount of raw cotton in the world, the production of raw cotton in this country is almost negligible. The amount of imported raw cotton in 1928, was valued at 534,000,000 yen, and even that enormous total was 66,000,000 yen less than the previous year. In South Manchuria both soil and climate are suited to cotton raising. Recent experiments in that locality with the American variety of cotton have been successful. Since then, the provincial administration in Kwantung, in cooperation with the South Manchuria Railway Company, has been encouraging cotton farming, through the activities of the Manchuria Cotton Plantation Association. The cotton plantation area in Manchuria will undoubtedly be greatly augmented in the future, if satisfactory cooperation between the Japanese and the Chinese can be effected. Such a plan, properly worked out, will supply not only the local cotton demand but also the demand in Japan. The possibilities of this development in Manchuria are therefore of great concern to Japan.

Magnesite and dolomite.—Though the usefulness of Manchurian magnesite is now fully realized, it still suffers certain handicaps in its exportation due to the customs. The latest statistics on the amount exported to Japan give the total as 7,000 tons. It is used at the Yawata Iron Foundry and other factories in the manufacture of a special fire-brick. It is also used in the manufacture of lignoid, a fire-proof flooring material. Magnesite deposits near Tashihchiao Station on the main line of the South Manchuria Railway are said to contain several hundred million tons. As the demand for magnesite increases, its importance to certain industries in Japan will be more fully recognized. The utility of dolomite, which is found in abundance near Nankwanling in the Kwantung Province has not yet been realized. Silica and fire-proof clay are also plentiful in Manchuria. The exploitation of these products awaits a fuller understanding of their industrial possibilities.[57]

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[57] I am indebted to Mr. K. Abiru for his work, *What Is the Manchurian Question?* (in Japanese), in which an excellent description on the subject of this paragraph may be found.

IV. CULTURAL ASPECTS

1. HISTORICAL BACKGROUND OF CULTURAL LIFE IN MANCHURIA

It is only about seventy years since Manchuria first came in touch with modern civilization. For many years it was occupied by different tribes and races, the last of whom were the Manchus. These tribes and races lived a partly nomadic and partly feudalistic life, and had merely a political relation with China proper. Sometimes this relation was that of a proud conqueror and at other times it was that of a humble offerer of tribute. When modern civilization knocked at the northern and southern doors of this ancient territory, it was accompanied by occidental capitalism. Long before the entrance of this modern civilization and capitalism, however, the Chinese of China proper had crossed the boundary in great numbers, once the exclusion policy by the Manchu Government was abandoned. These Chinese settled everywhere without reference to any systematic plan of colonization. They brought with them from their native land primitive methods of farming, by which they managed to eke out a living. As they moved along, they found some small commercial towns on the highways and waterways, and also some fortress-towns, built in the time of the Ming dynasty, against the invasion of barbarians. None of these towns, however, could be called a city in the modern sense of the word. The ruling Manchus, who were racially distinct from the immigrant Chinese, were less guardians than exploiters of their guests. The Chinese who colonized the dreary and hitherto uninhabited wilds, with little or no facilities for traffic, naturally received inadequate protection from the Government and therefore had to defend themselves against mounted bandits and highwaymen, and secure peace and order in their communities by their own hands and methods.

Under such circumstances, the peculiar system of large families developed by the farmers, together with the system of guilds organized through native connections by the merchants, were not only significant as labor organizations, but were also indispensable as political and social groups. With such a social background, the outlook and morals of the people were inevitably affected by the psychology of self-defense in its most elementary form, as well as by the so-called "colonial mind" which is destitute of love of the land.

The territorial imperialism of Russia had, by this time, begun to move eastward, finding its way soon after the middle of the nineteenth century across the natural boundaries between Siberia and Manchuria, the Amur River by steamers and the Khingan mountains by rail. In this manner, Manchuria suddenly came into contact with one phase of occidental civilization on its northern frontiers. The Russian imperialism promptly stimulated changes in the social conditions of Manchuria. Turning to the southern boundary, we find that with the opening of Newchang at the mouth of the Liao River to foreign trade by the terms of the Tientsin Treaty of 1858, Manchuria began to exchange its primitive agricultural products for those of occidental industry.

Thus the civilization of occidental countries, notably of Great Britain, the pioneer industrial nation, gradually found its way along the Liao River into the interior in the form of various kinds of industrial products.

Though there was a marked contrast between the precipitate methods of

Russia and the gradual process of Britain—the difference between the man with a sword and the dealer in merchandise—they were both phases of the same thing, that is, the imperialistic outreach of occidental civilization into Manchuria. It was at the hands of merchants and soldiers that Manchuria was given its introduction to modern industrial civilization. When the Japanese succeeded the Russians in South Manchuria, they were about half a century behind occidentals in the practice of western methods. In the meantime, although they were digesting occidental civilization at home with impressive rapidity, much hard work and earnest study were still necessary before they could so develop their capitalism as to unify their military and commercial activities into a national policy.

In coming into Manchuria, Japanese officials businessmen and others learned much that was new from the Russians regarding railway management, town planning, building and heating of houses, and other arrangements peculiar to local conditions, just as Japanese army officers had learned much from the Russians about scientific military equipment and strategy during the Russo-Japanese War. It was an entirely new experience for the Japanese, who are blessed with ever-flowing water and abundant green vegetables in their native country, to learn to adapt themselves to an unaccustomed climate, to unclean water and wild stretches of land destitute of fruit and vegetables, and to live a hygienic and happy life in spite of these obstacles. The Japanese people had lived a quiet hermit-like existence for so many centuries, with only very rare contacts with foreign countries, that they found the task confronting them in Manchuria, as they had also found it in Korea and Formosa, an absolutely new and strange experience. It is from such a historical background and in such an environment that the Japanese in Manchuria have been obliged to develop their present cultural and social life in Manchuria. It illustrates the interesting phenomenon that in influencing the environment, culture itself is being influenced. Let us now examine the cultural aspects of the Japanese activities in Manchuria.

2. INFLUENCE OF THE NEW ORDER UPON THE OLD

The fundamental change that has taken place in the social structure of Manchuria is due to the complete transformation in the character of local industries. Her agriculture, now connected with the international markets by means of the extension of railways and harbor facilities, has developed from a mere self-sufficient local economy into an important phase of world economy and international trade. Moreover such modern industries as mining and manufacturing which were formerly unknown in Manchuria are now thriving, and giving employment to thousands of people. In all this we note the rising tide of industrial capitalism, a new economic factor in Manchuria, which directs and unifies not only mining and manufacturing industries, but also railways and harbors. With this new industrial capitalism as the motive power, her old agriculture as well as her old commerce is being reorganized and systematized. Such is the social and economic condition of Manchuria, swept into the swift currents of modern civilization by the hand of militaristic or economic imperialism.

The process of industrialization has not been simple. It has faced endless complications, some due to superficial, others to fundamental factors. In this new world of endless opportunities the Japanese have displayed a better talent for industrial organization than in their home country. A far-reaching and progressive industrial organization, with the South Manchuria Railway Company as its center, stands as a tribute to this talent. It is true, of course, that among the Japanese who emigrated to Manchuria, many have been unable to keep pace with these progressive and constructive tendencies and, clinging to their old ways of living, have wasted their money and energy in petty competition among themselves. Some of these Japanese have persisted in following their traditional trades after entering Manchuria, and as a result have been ousted by their clever Chinese apprentices who not only learned the trade thoroughly but were younger and more industrious as a rule than the Japanese immigrants. Then there are also some, though fortunately few in number, who constitute an undesirable element in the community by their activities in smuggling opium, morphine, rifles, and other contraband goods.

Turning from the individual enterprisers to those employed in a huge organization like the South Manchuria Railway Company, we see that considerable change has taken place in their life and morale during the Company's long history of development. While the South Manchuria Railway Company, as a business organization, has been successful in establishing a completely monopolistic control of the economic life of Manchuria, some of its employees, as individuals, failed in the game of life under the pressure of accumulated personal debts. Their failure is due not only to their stagnant and comfortable lives under the protection of the South Manchuria Railway Company, but also to a peculiar restless mentality described as "colonial" which victimizes all the foreign inhabitants in Manchuria including the Japanese. There is a special bureau in the company which deals with "social affairs." Presumably, the object of this bureau is not only to promote the welfare of the Company's employees, but also to conduct fundamental investigations into the peculiar social conditions that are created when an industrial civilization is suddenly transplanted as in Manchuria, and to construct adequate plans for meeting such conditions.

Although industrial capitalism as it operates in Manchuria has brought failure and degeneracy to the lives of some individuals, it is clear that it has also brought peace and order for the first time into Manchurian society. This is the outstanding fact in the cultural impact of capitalism upon Manchuria, an impact that is rapidly wearing away outworn, medieval social institutions. And inasmuch as its effect is quite fundamental, it touches all the inhabitants irrespective of differences of race and varieties of administration. Under these circumstances, even those Chinese who come to the new land from their primitive villages in Shantung or in Chihli, to work in a commercial town, in a mining town, or even on the land, feel the promise of a new and larger life vibrating through the social body of a growing industrial capitalism.

One of the results of the new factors is a change in the old institution of the family. The large family system is essentially the unit in the life of villages which form the basic community around which the whole structure of Chinese society is built. Invasion of foreign capitalism into Manchuria has necessitated a new organization of labor for the supply of new recruits on one hand, and on the other hand it has stimulated the development of cities. These two factors have gradually undermined the ancient family system. That changes of this kind have taken place in villages in the vicinity of such open ports as Shanghai, Hankow and Tientsin, is a well-known fact. Although this gradual disintegration of the family system is not so evident in Manchuria as in China proper, it is already taking place. It is only too clear that the proletarian farmers who migrate to Manchuria cannot afford to support big families and are compelled to adopt a small family system when they are settled in the territory. This practice has spread also among the middle and upper classes; so much so that the division of a large family into small family branches is now a noticeable tendency.[58]

Table XXII shows the size of families of the Chinese workers employed in the South Manchuria Railway Company.[59]

TABLE XXII

THE SIZE OF FAMILIES OF THE CHINESE WORKERS EMPLOYED IN THE S.M.R. CO.

Number of Members in Family	Railway	Factory	Coal Mine	Total	Per Cent
Two persons	54	5	22	81	12.96
Three persons	73	28	27	128	20.48
Four persons	47	41	21	109	17.44
Five persons	63	44	29	136	21.76
Six persons	38	29	17	84	13.44
Seven persons and over	27	40	20	87	13.92
Total	302	187	136	625	100.00
Average size	4.24	5.24	4.41	4.57	....

An evil effect which such an individualization of society has produced is the popularization of the traditional distractions and diversions which are peculiar to the Chinese people. Together with other undesirable habits, gambling and opium-taking, for which the Japanese are partly responsible, are bound to increase unless some check can be devised. The refined Epicurianism of the Chinese is a valuable legacy of their old civilization, but to protect it from the abuse to which it is liable under the influence of modern industrialism, great precautions should be taken.

3. CULTURAL CONTRIBUTIONS OF PUBLIC INSTITUTIONS

The changes in the social and cultural life of Manchuria which are in turn due to the more fundamental economic changes, affect equally the Chinese and the Japanese residents in the territory. In the new cities the Chinese and the Japanese have been brought into close contact with each other, and as a result there has been a continuous interchange of different ways of housing, concepts of sanitation, and various preferences in food and luxuries. The Japanese, coming from the south, are mostly ignorant of the climatic conditions of the territory, while most of the Chinese know instinctively the best methods of adapting themselves to local environments. On the other hand, the Chinese have learned from the Japanese the habit of drinking fresh water. This is a healthy habit if there is an adequate system of water supply, but in the absence of such a system, it must be admitted that both the Japanese and the Chinese expose themselves to great danger. Again, having been brought up in a damp warm country, the Japanese still retain in Manchuria their habit of wearing loose garments and thus exposing their limbs, while the Chinese are wise enough to protect themselves from the cold by close-fitting garments. The new custom of wearing European clothes has also spread to Manchuria, bringing about a change in the traditional costume both of the Japanese and the Chinese. How to harmonize and adjust such differences in customs and manners from the point of view of good taste as well as good health is a problem for those who are concerned with the cultural life of Manchuria.

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[58] The S.M.R. Co., *The Family System in China* (in Japanese), Vol. LXX of "Investigation Material" (1927), pp. 66–67.

[59] The S.M.R. Co., *An Inquiry into the Cost of Living of Chinese Employees* (in Japanese), Vol. XX of "Investigation Report," Part IV, p. 1.

What has been done by the South Manchuria Railway Company and the Kwantung Government to promote education, sanitation and culture, has no doubt contributed enormously to the good of both peoples. The notable aspect of this achievement lies in the fact that it has been based on careful scientific observation of the social life of the people concerned, and carried forward in a spirit of real humanitarianism. The efficiency with which the work has been done has depended entirely on a large measure of fine cooperation between the administrative organs under different political jurisdictions.

Education.—The system of educational institutions under Japanese management in Manchuria is much like the home system, with some modifications due to peculiar local conditions. In the primary and intermediate grades, separate education is given the Japanese and the Chinese because of differences in curricula and in methods of teaching, but in the higher grades the two nationalities come together. The progress in the educational activities which is demonstrated by an ever-increasing number of the so-called educated class of Japanese in Manchuria has given rise to a new problem of unemployment for the graduates of schools. This problem of unemployment for the educated young men must be considered very carefully, because among these young graduates there are many who are the second generation of the original immigrants, and on them depends to a great extent the future of Manchuria.

Turning to the Chinese, it may be said that the schools under the Japanese management are preferred on account of their greater efficiency and better chances of employment after graduation. The Chinese parents, at present, are quite at a loss because of the political dispute concerning the matter of administrative jurisdiction over education. In any country, so long as education cannot be freed entirely from the political or propaganda motive, such collision or non-cooperation are perhaps inevitable. The use of text books in the Three Eastern Provinces in which the principles and platforms of the Nationalist Party are inserted may cause fresh difficulty in educational cooperation between Japan and China. Indeed, this whole matter of political influence in education really demands international consideration and settlement, since political prejudices injected by education are destined to bear undesirable fruit. A more conciliatory attitude is desirable on both sides. Only in such an attitude has China the right to make known what are her demands and what reform measures are necessary in the Japanese institutions.

Public sanitation.—Hygienic institutions in Manchuria, like other modern institutions, date from the beginning of Russian and Japanese influences. Although Manchuria is located in a comparatively cold climatic zone, the sanitary conditions of the territory are not very good. Until recently the disposal of garbage and sewage, and regulations regarding diseases were entirely neglected. Various pestilences swept unhindered over the country from time to time. To cope with such conditions, both the Russians and the Japanese have brought to Manchuria their best knowledge of hygiene and sanitation. Hospitals, water works, sewer systems and arrangements for disposal of garbage, have been introduced as widely as possible. Vigorous scientific efforts have also been made to prevent the spread of contagious disease. Of all Japan's cultural activities in Manchuria, her work on behalf of public sanitation is least open to criticism. Scientific efforts against such wide-spread evils as uncleanliness and contagious diseases seem to transcend the barriers of race and politics.

In the improvement of sanitary and health conditions in Manchuria, difficulties first arose from both the Japanese and the Chinese sides. The Japanese were at first indifferent to institutions for the promotion of better hygienic conditions because they were ignorant of the new circumstances confronting them in Manchuria. The opposition of the Chinese to such institutions was based largely on ignorance and tradition. In some cases where cooperation between the Japanese and the Chinese authorities was quite necessary, as for example in the prevention or control of contagious diseases, this cooperation was not adequately realized. The various difficulties have, however, been gradually overcome, with the result that great improvement has been brought about in the sanitary conditions of Manchuria. This is due to the development of public institutions under the Kwantung Government and the South Manchuria Railway Company, as well as to the progress of hygienic organization among the Chinese. The activities of the Japanese in this line have been undertaken by the administration itself, particularly in the development of sewer systems and garbage disposal, by the Hygienic Institute, by the medical clinics, and by medical education. All these activities have shown creditable results.

Finally, mention should be made of the international cooperation that is now effective in connection with the prevention of contagious diseases. This was the case in 1910-1911, when all nationalities in Manchuria united to prevent the spread of the pneumonic plague. Again in 1919, the cholera was controlled by the joint efforts of the Japanese and the Chinese Governments. However, the danger has been increased by the recent extension of railways into the interior of China, which shortens the distances between Manchuria and certain places where contagious diseases are prevalent, among men as well as among cattle. Under such circumstances, preventive efforts are considered even more necessary for the future.

Arts and sciences.—Characteristically Manchurian letters and arts have not yet developed. That which has been brought in from Russia, China and Japan has not yet been fully indigenized. However, with time and the growth of education Manchuria will doubtless make her own way in this phase of cultural development. The South Manchuria Railway Company, from the time of its foundation, has been generous in financing all enterprises devoted to learning and the growth of the arts. The Company has looked upon such service as part of its mission. The results of researches and investigations conducted by experts into the geography and history of Manchuria, are now available to the public in the form of about a dozen volumes. Materials for the study of orientology and especially of sinology have been collected and made accessible in the Dairen Library. Investigations and experiments in the subject of modern colonization have been carried on by the Central Experimental Laboratory, while the Geological Laboratory and similar institutions have turned out results which are not only practical but of high scientific value.

Not much can be said on the artistic and recreational aspects of the life of the people in Manchuria. Being on one of the international highways, good music is fairly accessible, while the cinema and sports are growing in popularity. This is particularly true of the latter. Further developments in general culture will depend on the united efforts of the people and of public organizations. It is interesting to note that the cultural life of Manchuria is everywhere flavored with internationalism, a striking contrast to the strong nationalistic rivalries in politics and business.

SUMMARY AND CONCLUSION

In summarizing what has thus far been said the following points seem to the writer to stand out as significant and worthy of careful consideration. Though they are numbered for the sake of convenience in referring to them, they need not be thought of as independent of each other.

(1) The historical relation between Japan and Manchuria has been bound up with Korea and largely conditioned by geographical circumstances, political as well as physical. Therefore as long as conditions in international relations remain as at present without what may be described as positive and reliable machinery for dealing with disputes that may arise between the countries bordering on the Pacific, so long will Japan view her relations with Manchuria as of vital importance to her own strategy and imperial organization.

(2) The existing rights acquired by the series of treaties and agreements are numerous, and of these six are of special importance from the Japanese point of view. Among these treaties there are even some that have never been in operation on account of international complications between China and Japan.

(3) The economic interests developed by the Japanese people and fostered by the Japanese authorities in Manchuria are not yet self-sufficient or in a position to stand independent of close connection with the home market. This connection, financial as well as commercial and industrial, has in fact saved the Manchurian economic world from decline and even from bankruptcy. The economic gains from Manchuria, so far as the Japanese are concerned, have been re-invested

there and have thus helped to provide for future development, the benefits of which accrue to the Chinese as well as to the Japanese. Japanese economic interests in Manchuria will more and more be concentrated upon the scientific exploitation of the natural resources of that territory, for these constitute an integral part of the nation's requirements in food and raw materials.

(4) The cultural aspects of Japan's relations with Manchuria must be viewed from the standpoint of the peculiar social order built up in Manchuria by Russia and then by Japan, modified of course by the native elements. The result of the mingling of these influences will be the emergence of a type of culture that is without marked relation to nationality. International cooperation between the public services, as well as cooperation between individual citizens, in the cultural fields is effective in improving the standards of all people largely because it is without marked nationalistic bias.

We have thus studied the various phases of Japan's relations with Manchuria. To understand these relations or interests as a whole,—in a word, to see clearly what is meant by "Japan's position in Manchuria," is at once easy and difficult. It is easy if one looks merely at the present situation from a purely subjective and one-sided point of view, and without regard to the long complicated history. It is difficult, on the other hand, if one gives due consideration to the history of the problem and to all the international complications involved. To this task, perhaps, only the future historian will be equal.

The Government and the people of Japan, in defense of their *de facto* interests in Manchuria as a whole, have asserted the principle of "Japan's special position in Manchuria." In the assertion of this principle, Baron Shidehara at the Washington Conference based his argument on the doctrine of "accomplished fact." Although his argument had a strong historical background and was in harmony with popular sentiment in Japan, it did not clarify the "special" aspects of Japan's position, nor could it obtain satisfactory legal recognition from the other powers. It is quite clear, however, that Japan asserts this principle with the purpose of defending, and demanding international legal recognition of, her present position in Manchuria as a whole, including her *de facto* interests which originated in treaty or contractual rights. Her argument, indeed, leaves no ambiguity in its explanation of her actual policy toward Manchuria, though it is very doubtful if it ever gets an international legal or political recognition that will be satisfactory in her own eyes.

It is quite natural that since the Washington Conference no international agreement has been reached as to the meaning of the "speciality" or her position in Manchuria. Working out the legal *Begrundung* of her "special position" as a whole, is in fact a very difficult task. On the other hand, if Japan ceases to maintain her position in its entirety, the only recourse left to her is to break up her so-called "special position" into its constituent elements, legalize these where possible, and then secure legal recognition for them one by one. But here too the way is not so easy, because among these rights and interests there are some which can not be dealt with fairly in the spirit of formal legalism.

So far as the political rights, and the interests that have originated in those rights, are concerned, many of them are not shared by other powers, but are owned exclusively by Japan. If these are found to have special political significance to Japan, it may be possible to establish a kind of "speciality" that is peculiarly the concern of Japan, though this will always be subject to current international interpretation. The *de facto* interests which are not covered by any treaty right or contract cannot of course be satisfactorily interpreted by international judicial organization. This is the sole reason why Japan has been reluctant, up to the present, to refer her case to judicial settlement, and has chosen rather to defend her position as a whole by an appeal to the doctrine of accomplished fact. She feels that by referring the problem to legalism, she will be jeopardizing her vital *de facto* interests. On the other hand if she rests her whole position in Manchuria solely upon its *de facto* character, then it becomes rather uncertain from the standpoint of international recognition and treatment. The circumstances conspire to place Japan in a dilemma so far as the Manchurian problem is concerned.

It is clear that this dilemma is caused by the international character of the Manchurian question. Japan's position in Manchuria is no longer her own problem; it is an international problem and therefore requires international understanding and settlement. No one can ignore the vital and still growing interests of Japan in Manchuria. Nevertheless, it is true that her position and the arguments she has presented in its defence have resulted in a sort of international political deadlock. The only way out would seem to lie in a reconsideration of her assertion of a "special position," and the discovery, if possible, of other means whereby to safeguard her substantial interests in Manchuria. The development of international guarantees and security, growing out of mutual understanding between the nations concerned, seems to the writer to offer the best means of solution. This, however, is a subject of national and international policy which it is beyond the scope of this paper to discuss.

XIV

MANCHURIA, ITS PAST AND PRESENT

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Manchuria is often referred to in America and Europe as a potential battleground, the "Balkans of Asia"; and many writers have been fond of depicting this region as the scene of "the next world war." During the past few years, however, the mass immigration of Chinese into Manchuria has caught the imagination of the world abroad, and consequently greater attention has been paid to the economic growth of Manchuria, which is, of course, the really important phase of the situation; and to this phase, I may be permitted to point out, Japan, in the midst of abuses and attacks, has quietly, but steadily, been directing her aims and efforts during the past two and a half decades. Japan cannot, and has not, lost sight of the vital consideration of her national security. It must be remembered that Russia at one time almost succeeded in capturing Manchuria, with Mongolia and Korea to boot, with Chinese connivance. History repeats itself and Japan remains justified in entertaining apprehension on this point; but even with the consideration of this phase of the situation, Japan has sought to accomplish her aims largely by lending the best of her brains to the economic development of the country. The world is beginning to appreciate the fact that the past thirty years in Manchuria have shown a record of development which has probably never been equaled in the history of the world, and, fortunately, conditions are such that this record can not only be continued, but can even be greatly improved during the coming decades.

In order to reach a full appreciation of what has been done, and what is being done in Manchuria today, we should, I think, make a series of comparisons. For the first comparison one should go back to Manchuria in the days prior to the opening of Newchwang, or Yingkou, as an international port of trade. In those days, which after all, were only seventy years ago, Manchuria was virtually a wild and unknown region, sparsely populated and without contact with the modern world, except for such entirely unimportant trade in fur and the like as was conducted on the Siberian border. The Government in Peking not only did not encourage the development of Manchuria, but everything was done to prevent it. The policy of forbidding the emigration, for instance, of Chinese to the area north of the Great Wall was enforced, and the last legislation in this respect was removed only in 1905. The Manchu rulers in Peking treated Manchuria as their Crown Land, separate from the rest of China, and held it as a country forbidden to the Chinese.

The beginning of history, as far as Manchuria's contact with the world generally is concerned, dates from the opening of the port of Newchwang in

1860, but this was merely a slowly developing beginning, as even more than forty years after the opening of the port, its trade amounted to less than twenty million Haikwan Taels annually. This slow development was due to the fact that at that time rivers furnished the only means of transportation available in Manchuria. Newchwang, or Yingkou, being situated on a river, was advantageous for this kind of trade, but since railways have taken the premier place in transportation in Manchuria, this situation, involving waters which are frozen during the most important months of the year, has been a limitation for trade development on a large scale.

The development of Manchuria on the tremendous scale which has been seen during the past thirty years has been due practically entirely to the appearance of railway transportation. The Russians furnished the initiative by building the Chinese Eastern Railway in the form of a gigantic T. While the Russians built their lines mainly with strategic considerations in mind, the location and direction of their lines admittedly suited them for commercial development, affording, as they did, one trade route running east and west with an outlet at Vladivostok and another running north and south with its terminus at Dairen. I mention this particularly because it seems to be quite evident that the further development of Manchuria must be accomplished by following the principle of this original scheme, which has proved to be so successful in the past, namely, the construction of lines of transportation running generally east and west and north and south.

While Russia must be given credit for having furnished the beginning of the development of Manchuria along modern lines, it was quite evident that Russia's work in Manchuria was of no benefit to the world at large, as the Russians employed the railway entirely for their own purposes, and the other nations had to continue to carry on their trade with Manchuria through Newchwang. This condition was changed, however, when Japan, after she had taken over the greater part of the southern branch of the Chinese Eastern Railway, opened this line to the use of the world, opened Dairen as a free port, and caused the opening of numerous trade marts throughout Manchuria, thus furnishing the impetus which has made this region a really important factor in world commerce.

At this time, namely, the years immediately following the end of the Russo-Japanese War, the wealth of Manchuria was potential rather than actual, and the prosperity which one may witness today has been due to the work which has been performed during the past twenty-odd years. The principal factors in this development have been the South Manchuria Railway and the presence of Japanese interests in Manchuria which have caused the Japanese Government to concern itself with the maintenance of peace and order there. While out of the twenty-eight ports and marts opened in connection with trade in Manchuria, twenty-four have been opened through the initiative of Japan, this in itself would have amounted to very little if it had not been for the fact that Japan also provided the two principal essentials for the development of international trade, namely, peace together with safe and reliable transportation.

If we go back to the days prior to the advent of Japanese interests in Manchuria and compare Manchuria of that day with China Proper, one finds that the former was still an undeveloped region of which little was known and from which the world received but a very unimportant trade. Compared with the rest of China, Manchuria remained rather a bandit-ridden, barren region about which China Proper knew little and apparently cared less. In China Proper one might already see much evidence of modern development in the shape of railways, ports, telegraphs, and the numerous other factors of modern civilization, while Manchuria was still practically a wild country. Still, during the past thirty years Manchuria has not only caught up with China, but has in many instances passed China Proper. While in China Proper civil wars and other disturbances have caused practically complete cessation of industrial development and especially transportation facilities, and in some cases have resulted in the destruction of facilities already built, Manchuria has seen a constant march of construction and development. Harbin, where thirty years ago was one lonely Chinese house, is now a city of probably some four hundred thousand inhabitants. Dairen, a barren beach which had never been heard of, has become the second port of China. The Chinese population has doubled in the past twenty years and the foreign trade of Manchuria has increased from less than twenty million to over seven hundred and twenty-six million Haikwan Taels annually. From being an unconsidered region of wild land which had been of no importance whatever to China—except in so far as it had furnished banner-men through whom the Manchu dynasty in Peking could maintain its control over the Chinese—Manchuria has become in many respects the most prosperous region of China and now provides over one-third of her foreign trade.

I hope I may be pardoned for referring to the fact that for this development Japan may justly claim a considerable share of credit. The activities of Japan in Manchuria have, unfortunately, been regarded with some distrust from the very beginning. It is rather amusing to read, for instance, what Sir Alexander Hosie writes in December, 1900, when he says:

> Very gloomy views were expressed in some quarters as to the commercial future of Manchuria, owing to the invasion and occupation of part of the southern province by Japanese, in consequence of the war between that country and China in 1894—1895; but these views have been falsified by events, and Japan has become the principal market for Manchurian produce, and she is strenuously endeavoring, and with considerable success, to push her manufactures where she now buys so freely. Since the war the trade of Manchuria has actually trebled.

Japan's first action of importance after the Russo-Japanese War was the formation of the South Manchuria Railway Company and the rebuilding of the line which had been practically destroyed by the Russians in their retreat. Japan also made Dairen the modern port which it is today, relocated and rebuilt the line from Mukden to Antung, and financed, and in many cases actually built railways for the Chinese whereby vast regions were reached and opened for development. Japan's experiments and studies greatly improved the agricultural and animal products of Manchuria and caused Manchurian raw materials of various kinds to become well known commodities in the markets of the world.

It is, of course, true that Japan's principal reasons for engaging in her various activities in Manchuria have been based on considerations for her own benefit, but, as a matter of fact, it is also entirely evident that other foreigners and the Chinese in Manchuria have benefited very materially from the presence of Japanese interests in those regions. Thus, the foreign resident depends for transportation of his imports and exports mainly upon the Japanese or Japanese built railway lines and on the port facilities provided by Japan. For the safety of his life and his property he depends, in times of stress, on the presence of the Japanese military, who, though few in number, have in the past always furnished the protection on which not only the Japanese but also the other foreigners and large numbers of Chinese rely. This was illustrated, for instance, at the time of the Kuo Sun-ling revolt, when large numbers of Chinese flocked into the Japanese railway zone and when the foreign population of Mukden admitted frankly that it must depend for its safety on the Japanese troops.

The foreigner in Manchuria also benefits through the fact that such necessities of modern civilization as sanitation, modern city building, hospital facilities and the like have been provided in Manchuria largely through the initiative of Japan, and the adequate control of plague and other epidemic diseases which formerly ravaged Manchuria, is due entirely to Japanese and Chinese cooperation.

It should not be forgotten, of course, that various foreign countries have directly or indirectly contributed considerably to the development of Manchuria. Thus Great Britain built the Peking-Mukden line, of which an important section is located in Manchuria, and British capital provided the funds for the first loan obtained by the South Manchuria Railway Company, by means of which the great initial work of the company was done. The South Manchuria Railway Company, especially in the early days of its existence, depended upon the United States for the purchase of most of its equipment; so much so, in fact, that the line even today is regarded as being practically a typical American railway. Russia built the Chinese Eastern Railway, and France contributed through furnishing most of the funds for such construction. As the world is gradually becoming aware of the progress which has been made in Manchuria and of the tremendous possibilities which exist for further development, there should be every reason to believe that foreign capital from various countries may find its way into Manchuria and contribute to the progress which is being made.

That various foreign countries have received their share of the benefits from the opening of Manchuria to international trade is best shown by trade statistics. I do not wish to bother you at this time with a very elaborate array of figures, and I shall, therefore, merely state that in 1898 British shipping to Manchuria was represented by 168 ships, totaling 161,000 tons, while in 1928 it had reached the total of 556 ships, totaling 2,700,000 tons. American shipping to Manchuria was represented in 1898 by four sailing vessels with a total tonnage of 2,400 tons, but this has increased during the past thirty years to 127 vessels, totaling half a million tons, in 1928. The trade of Great Britain, as carried through the three South Manchurian ports, totalled twenty million Haikwan Taels in 1928, while that of the United States totalled twenty-six and a half million during the same year.

The benefits which the Chinese have received from the opening of Manchuria should be too evident to need much description in detail. It is true that, unfortunately, one hears constantly complaints from the Chinese side as to the "exploitation" of their country by foreigners, and a picture is drawn showing the unfortunate Chinese inhabitant being trampled under foot in the rivalry between Russia and Japan. As a matter of fact, Manchuria seems to me to have been extremely fortunate in that nearly all the initiative, capital and enterprise required for the opening of the country were furnished by outsiders. Thus, Russia, Japan and Great Britain, until a few years ago, built practically all the railways in Manchuria and furnished the funds for such, and the amount of actual cash which China has so far paid in return for the great net-work of railways which is the basis for its progress and for the prosperity of its rulers and inhabitants, is comparatively small. Without these railways and, more especially, without the outlets for Manchuria's products provided by the port facilities of Dairen and Vladivostok, Manchuria today would undoubtedly remain very little different from what it was in the days when Newchwang was the only port. The fact remains, that owing entirely to the development of transportation and the presence of peace, Manchuria has become today the most prosperous and orderly region of China, and the one which shows by far the greatest promise for the future.

It is also noticeable that while our Chinese friends may complain in words of the predominance of foreign interests in certain parts of Manchuria, they show by their actions that they have a very live appreciation of the benefits which they derive from the presence of such interests. The vast immigration of Chinese settlers from North China, especially Shantung, furnishes probably the best evidence. It is still more significant that the Chinese show a marked preference for the areas in Manchuria which are under Japanese jurisdiction. Thus, while the Chinese population in Manchuria generally has roughly doubled during the past twenty years, the Chinese population in the Railway Zone has risen from 9,000 in 1907 to 202,000 in 1927. In other words, while the Chinese population in Manchuria generally increased twofold, it increased more than twenty fold in the zone administered by Japan. While there are roughly twenty-seven million Chinese in the 384,000 square miles of Manchuria, the Japanese area of only 1,400 square miles accommodates over one million Chinese. The reasons why the Chinese show this preference are very plain, namely, the advantages of modern improvements, small and definite taxes, good policing, etc., found under the Japanese administration.

When the South Manchuria Railway Company was first established, the Chinese were offered an opportunity to subscribe to shares, but they declined to avail themselves thereof. Still the Chinese population of Manchuria benefits in a very considerable degree from the activities of the South Manchuria Railway Company. Thus, this concern employs more Chinese than it does Japanese, and while in the fiscal year ending March, 1928, it paid 22,000,000 yen to its shareholders as dividends, it paid total wages amounting to 26,450,000 yen, of which 75 per cent was paid to Chinese. It must also be remembered that of the money paid to the Japanese employees, the greater part is spent for Manchurian produce and thus finds its way eventually into Chinese pockets. Furthermore, Japan is by far the greatest foreign market for Manchuria's produce. She not only transports the Manchurian farmer's products but buys a large share of them from him.

If Japan today should close her railway and her ports in Manchuria and buy no further Manchurian products, Manchuria would face instant disaster.

While, as I have said, Japan's principal contribution to the development in Manchuria has been the provision of peace and means of adequate and safe transportation, it must, of course, also be evident that nothing could have been done without the presence of China's greatest asset, namely, her cheap, efficient and hard-working labor. With the assurance of peace and attracted by the great regions of uncultivated but rich soil, millions of Chinese recently have come into Manchuria from the northern provinces of China, particularly from Shantung. This immigration movement, coupled with the fact that about one-half of Manchuria's arable land remains as yet untouched, provides the principal factor for the further development of Manchuria. In order to take advantage of this unique condition, namely, the existence of vast undeveloped areas of rich wild land virtually contiguous to an inexhaustible supply of cheap and efficient labor, dependence must be placed on the same two factors that have made Manchuria what it is today, peace and transportation. Today Manchuria possesses roughly 3,450 miles of railway line, of which about 700 are represented by the South Manchuria Railway system, about 1,100 by the Chinese Eastern Railway, while about 1,650 are under Chinese control. Of the last mentioned, some lines have been built by Japan and with Japanese capital for China and are under Chinese management, but several important lines have been built by the Chinese themselves and with Chinese capital, and, in fact, this development, where one sees the Chinese gradually constructing their own railways, tramway systems, electric light plants, widening their streets, building towns along modern lines, etc., furnishes one of the great points of contrast with the rest of China where, unfortunately, more destruction than construction has been seen during the last few decades. This condition in Manchuria is, of course, due to some extent to the fact that the Chinese have been able to copy from the Japanese developments and have to a great extent benefited from the Japanese instruction, but somewhat similar conditions obtain in many other parts of China, and similar development could have been carried out in the rest of China if peace and order had obtained there. Manchuria should furnish the rest of China a striking example of the wonders which may be accomplished by means of Chinese patience and energy if this be allowed to work peacefully and without disturbance.

As a matter of fact, the absolute necessity of peace and order for the development and prosperity of any region, and the fact that order accompanies the railways, is demonstrated by a comparison between those parts of Manchuria which are served by railways and those which are not. Thus, one finds that in the Japanese railway zone order prevails and, as a consequence, even the Chinese find it preferable for business and residence, much in the same way as they seek shelter in the foreign settlements elsewhere in China, and even in the Chinese railway areas better order is found than where no railways exist. In fact, in the regions where no railways are found and even in the areas but little distant from the railway lines, banditry is rife in many places to such an extent that it is dangerous to travel without an escort.

Just as the presence of the existing railway lines has been responsible for the development of Manchuria in the past, thus it is evident that additional railways must be created in order to carry on further development, as the point will soon be reached when immigrants will have saturated the regions now made available by railway transportation. One hears a great deal of talk about railway rivalries betwen the Chinese and Japan but, as a matter of fact, common sense will show that there is little cause for such fears. Japan is interested in the development of Manchuria so that she may draw on that country for raw materials, which she may turn into manufactured products, and which she may sell to a steadily increasing Manchurian population. She has repeatedly declared that she has no political ambitions in Manchuria and proof of this, if proof be needed, lies in the fact that Japan has for years past encouraged the immigration of Chinese into Manchuria. Every additional Chinese inhabitant of Manchuria makes that region that much more Chinese, so that if Japan had political ambitions she would be opposed to the immigration movement. On the other hand, every Chinese immigrant entering Manchuria becomes a producer of raw material and a potential purchaser of manufactured goods, and for this reason it is to Japan's interest that immigration be encouraged.

In order to open regions on which these immigrants may settle, new railways must be built. As long as these new railways are built for the purpose of opening new regions rather than for the purpose of merely interfering with and competing with established lines, it would seem immaterial who builds them as long as they are well built and properly and efficiently managed. The increase of production in Manchuria is mounting so rapidly that it is inconceivable that any wisely located lines can suffer from lack of traffic. In fact, it is more likely that the railways may have to call on one another for assistance than that they will suffer from competition.

Furthermore, the fact must not be overlooked that all railways must, to be of any service whatever, lead to some adequate port, so that the construction of new railways in Manchuria must always be governed by the existence of modern ports or the possibility for the establishment of such at points which are advantageously located geographically. At present the bulk of Manchuria's produce must be carried through two major ports, namely, Dairen and Vladivostok. Minor ports, such as Antung and Yingkou, may be improved but cannot be counted on to afford much of a solution of the problem as to how may be handled the vast amounts of Manchurian produce which will call for transportation, when the present population of Manchuria of about twenty-seven millions shall have risen to the seventy-five millions who can easily be supported on Manchurian territory. Once the now unused areas shall have been opened by the provision of adequate transportation, it is evident that additional railway and port facilities must be provided, and, when one considers the vast increase of produce which is almost certain to come about, Manchuria will seem like a tremendous bottle whence great quantities of fluid are trying to escape through an altogether inadequate outlet.

It would also seem to be evident that new ports should be provided in such a manner that they may bring the products of regions in the interior to points on the sea involving as little land transportation as possible, while such transportation facilities should, of course, be located in such a manner that they will be as close to the eventual destination of the goods produced as is possible. This, for instance, is the reason why Japan wishes to see a port on the Korean coast which may serve as an outlet for the vast regions of fertile country which have been and are about to be opened north and west of the present Changchun-Tunghua Line. Goods from the regions referred to will, if such a port be provided, reach their eventual markets —of which Japan is one of the most important—by a much shorter route than is now available. As the prices of commodities, such as beans or wheat, are fixed in the world market and buyers consequently are governed in their purchases by such prices, the cost of transportation works against the producer, so that the more it costs to bring the produce from the fields to the purchasing country the less the farmer gets for his products. Furthermore, the more cheaply Manchurian raw products may be delivered to the countries which use them for the production of manufactured goods the greater will be the purchases of such products and the greater the markets to which the Manchurian farmer may sell his produce.

As a matter of fact, in Manchuria, Japan, China and the world in general want exactly the same thing, namely, prosperous and rapid development, and the means by which this may be accomplished I have tried to describe above by showing that the factors which have worked the miracles of the past few decades, namely, peace and adequate transportation facilities, must remain the principal factors for further development. It would seem evident that under the circumstances the one thing which is needed is cooperation, so that the next few decades may build upon the foundation which has been so successfully laid during the past thirty years and make Manchuria not only the most prosperous region of China but also an example for the rest of the country.

XV

CHART OF TREATY PROVISIONS FOR PEACEFUL SETTLEMENT AMONG THE PACIFIC STATES CONCLUDED BEFORE SEPTEMBER 1, 1929*

MAX RICHARD WHITE

A. Multilateral treaties for peaceful settlement

No.	Parties	Treaty	Nature of Engagement	Reservations[1]	Tribunal	Effective Date Expiration Date	Reference[3]
1	Belgium, British Empire,[2] including Australia, Canada, and New Zealand, China, France, Japan, Netherlands, Portugal, United States Russia	Hague (I) Conventions for the Pacific Settlement of International Disputes. July 29, 1899 Oct. 18, 1907	Agree to have recourse to good offices or mediation in case of serious disagreement or dispute. (Art. 2)	As far as circumstances allow.	One or more friendly	July 29, 1899 Jan. 26, 1910 One year's notice	II Malloy 2016 II Malloy 2220
			Desirable to submit differences on points of fact to a commission of inquiry. (Art. 9)	Honor, vital interests. As far as circumstances allow. Special agreement to be made.	*Ad hoc* comm'n of inquiry		
			Desirable to arbitrate questions of a legal nature, and interpretation or application of treaties. (Art. 38, 1907 convention.)	So far as circumstances permit.	Perm. Ct. of Arbit.		
2	British Empire, including Australia, Canada, and New Zealand, China, France, Japan, Netherlands, Portugal, Russia, United States	Porter Convention (Hague Convention II). Oct. 18, 1907	Agree not to use armed force for the recovery of contract debts. (Art. 1)	Arbitration refused, *compromis* thwarted, award resisted. U. S.: recourse to Perm. Ct. of Arbit. only through general or special treaties		Jan. 26, 1910 One year's notice	II Malloy 2248

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* From "Treaty Provisions for Peaceful Settlement among the Pacific States," unpublished thesis, University of Chicago Library, 1929.

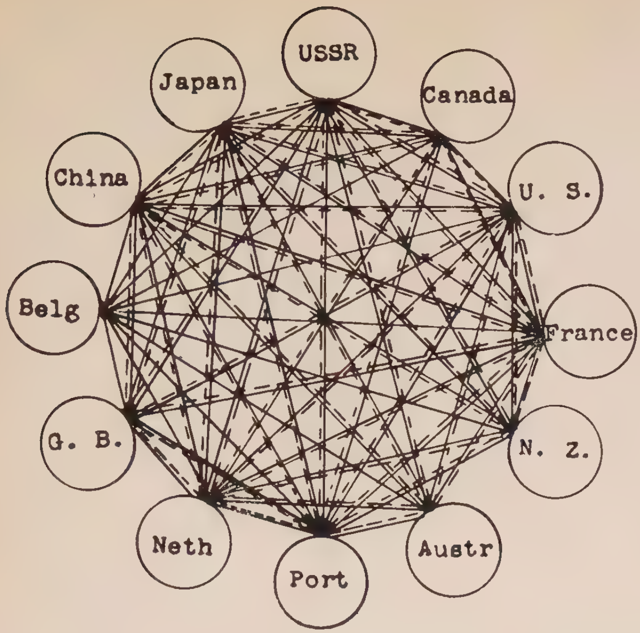
[1] The mild reservation, if the dispute has not been settled by diplomacy, which is quite general, has not been included in these charts.

[2] The British Empire, including Australia, Canada, and New Zealand, was a party only to the 1899 convention.

[3] Key to abbreviations in the references:

A. and S.—League of Nations, *Arbitration and Security* (Geneva, 1927)
Br. and For. State Papers—*British and Foreign State Papers*
I. L. C.—International Labor Office, *International Labor Conference* (Geneva)
L. N. O. J.—League of Nations, *Official Journal*
L. N. Tr. S.—League of Nations, *Treaty Series*
Malloy—*Treaties, etc., Between the United States and Other Powers.* 3 vols.
Martens—Nouveau Recueil Général

DIAGRAM OF CERTAIN TREATIES FOR PEACEFUL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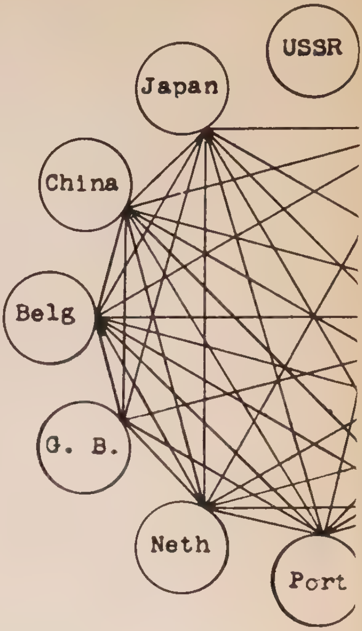
- - - Porter Convention (Hague II)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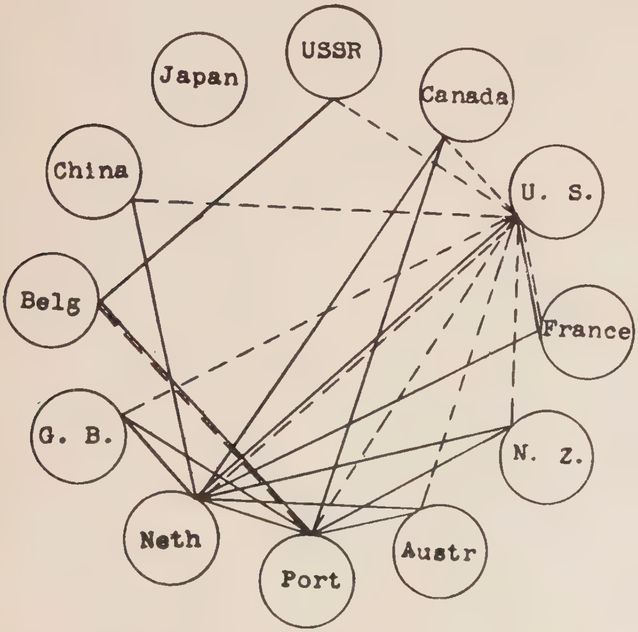
—— League of Nations Covenan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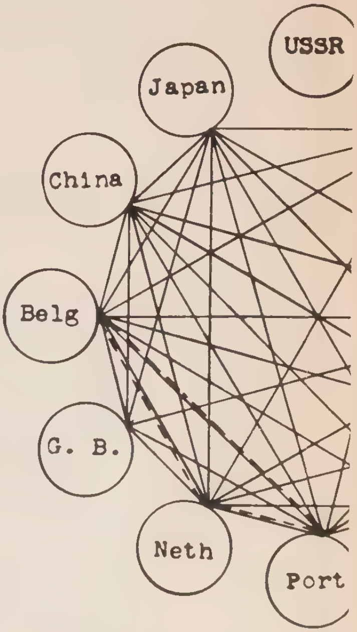
- - - Bilateral Treaties for Conciliation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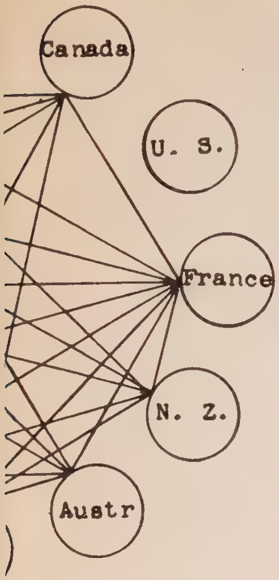
[1] These conventions do not bind the parts of the British Empire *inter se*.

SETTLEMENT AMONG THE PACIFIC STATES [1]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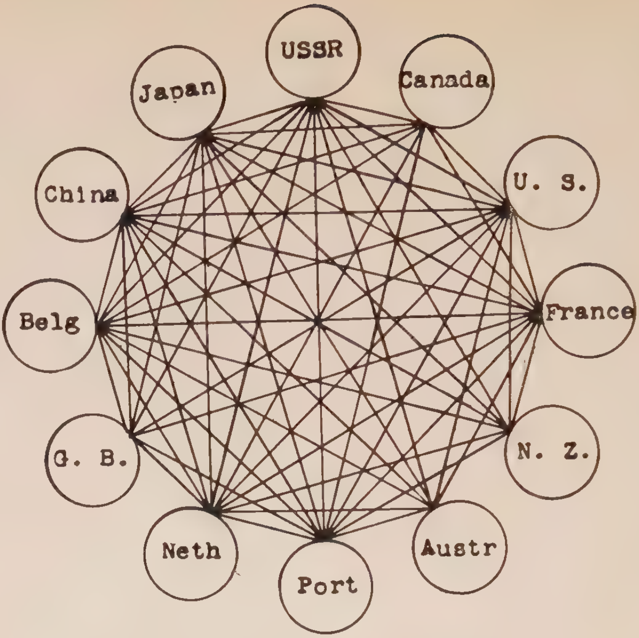
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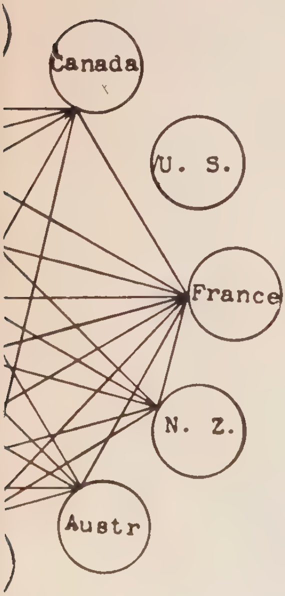
—— General Pact for the Renunciation of War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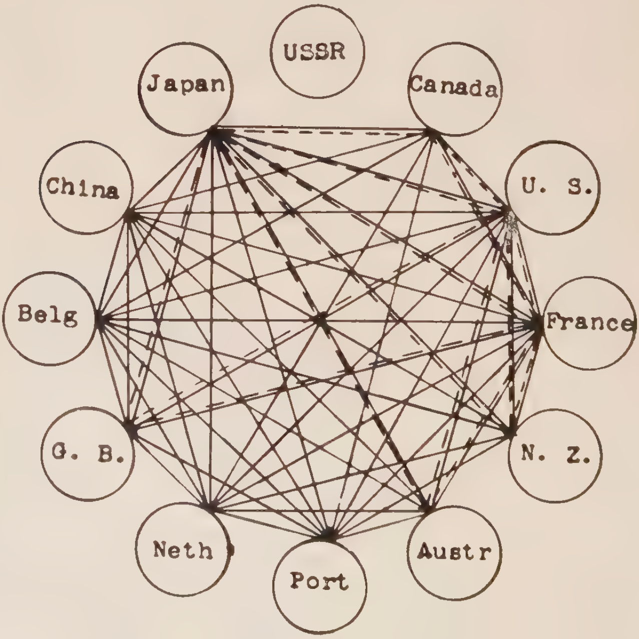
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—— Policies in China (Nine Power Treaty)
- - - Four Power Treaty

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
3	Australia, Belgium, Canada, China, France, Great Britain, Japan, Netherlands, New Zealand, Portugal	League of Nation's Covenant. June 28, 1919	League of Nations to act as a mediatory body in case of war or threat of war or a circumstance which threatens to disturb international peace. (Art. 11) Agree to submit any dispute likely to lead to a rupture to arbitration or judicial settlement or inquiry by the Council. (Art. 12)			Jan. 10, 1920 Two years' notice	L. N. Tr. s. No. 34
			Agree to submit to arbitration or judicial settlement any dispute which they recognize to be suitable for such settlement. (Art. 13)		Perm. Ct. of I. J. or *ad hoc*		
			Agree to submit any dispute likely to lead to a rupture to conciliation. (Art. 15) Agree not to go to war until three months after an award by arbitrators or judicial settlement or report by the Council. Agree not to resort to war against a Member of the League which complies with an arbitral award or judicial decision, or a recommendation of a unanimous report by the Council. (Arts. 12, 13, 15)	Request by a party for reference to the Assembly must be made within fourteen days. Domestic questions. If not submitted to arbitration or judicial settlement.	Council or Assembly		

B. Bilateral treaties for peaceful settlement

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
7	France and Netherlands	Arbitration Convention. April 6, 1904	Arbitrate legal questions and interpretation of treaties.	Vital interests, independence, honor, and interests of third parties. *Compromis* to be made.	Perm. Ct. of Arbit.	July 5, 1905 Five year periods, termination at one year's notice	Martens, 2nd S., XXXIV, 305
8	Netherlands and Portugal	Arbitration Convention. Oct. 1, 1904.	Arbitrate any question which may arise.	Independence, autonomy.	Perm. Ct. of Arbit.	Oct. 1, 1904 Indefinite	Martens, 2nd S., XXXIV, 308
9	Belgium and Russia	Arbitration Convention. Oct. 30–Nov. 17, 1904	Arbitrate disputes over application and interpretation of treaties, and pecuniary claims.	Independence, vital interests, honor, sovereignty, treaties of which third states are parties. *Compromis* to be made.	Perm. Ct. of Arbit.	Oct. 9–Nov. 27, 1905. One year's notice	Martens, 2nd S., XXXIV, 309
10	British Empire, including Australia, Canada, and New Zealand, and Portugal	Arbitration Convention. Nov. 16, 1904	Arbitrate legal questions and interpretation of treaties.	Vital interests, independence, honor, and interests of third parties. *Compromis* to be made.	Perm. Ct. of I. J.	Nov. 16, 1904 Nov. 16, 1931	A. and S., p. 117
11	British Empire, including Australia, Canada, and New Zealand, and Portugal	Arbitration Convention. Feb. 15, 1905	Arbitrate legal questions and interpretation of treaties.	Vital interests, independence, honor, and interests of third parties. *Compromis* to be made.	Perm. Ct. of I. J.	July 12, 1905 July 12, 1930	A. and S., p. 115

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
12	United States and Netherlands	Arbitration Convention. May 2, 1908	Arbitrate legal questions and interpretation of treaties.	Vital interests, independence, honor, and interests of third parties. *Compromis* to be made. U. S.: *Compromis* to be referred to Senate. Neth.: *Compromis* in accord with Constitution.	Perm. Ct. of Arbit.	Mar. 25, 1909 Mar. 25, 1930	A. and S., p. 99
13	United States and Netherlands	Advancement of Peace. Dec. 18, 1913	Submit all disputes for examination and report. Renounce war until report is handed in.		Perm. Internat'l Comm'n	Mar. 10, 1928 Five years, termination at one year's notice	U. S. Tr. S. No. 760
14	United States and Portugal	Advancement of Peace. Feb. 4, 1914	Submit all disputes for examination and report. Renounce war until report is handed in.		Perm. Internat'l Comm'n	Oct. 24, 1914 One year's notice	III Malloy 2809
15	United States and China	Advancement of Peace. Sept. 15, 1914	Submit all disputes for examination and report and, in certain cases, provisional report. Renounce force until report is handed in.		Perm. Internat'l Comm'n	Oct. 22, 1915 One year's notice	III Malloy 2514
16	United States and France	Advancement of Peace. Sept. 15, 1914	Submit all disputes for examination and report and, in certain cases, provisional report. Renounce force until report is handed in.		Perm. Internat'l Comm'n	Mar. 22, 1915 One year's notice	III Malloy 2815

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
17	United States and British Empire, including Australia, Canada, and New Zealand	Advancement of Peace. Sept. 15, 1914	Submit all disputes for investigation and report.		Perm. Internat'l Comm'n	Nov. 10, 1914 One year's notice	III Malloy 2642
			Renounce war until report is handed in.				
18	United States and Russia	Advancement of Peace. Sept. 18, 1914	Submit all disputes for examination and report		Perm. Internat'l Comm'n	Mar. 22, 1925 One year's notice	III Malloy 2815
			Renounce war until report is handed in.				
19	Netherlands and China	Arbitration Convention. June 1, 1915	Arbitrate all disputes.		Perm. Ct. of Arbit.	April 20, 1916 At ten year periods, termination at 6 months' notice	Martens 3rd S., IX, 662
20	Belgium and Portugal	Treaty of Conciliation, Judicial Settlement, and Arbitration. July 9, 1927	May, at the request of either party, submit all disputes relating to a right to conciliation. Submit all other disputes to conciliation.		Permanent Conciliation Commission	May 11, 1928 Five year periods, termination at 6 months' notice	L. N. Tr. S. No. 1730
			Submit for decision all disputes relating to a right.		Perm. Ct. of I. J.		
			Submit all disputes other than those relating to a right to arbitration.		Perm. Ct. of Arbit. unless by agreement to Perm. Ct. of I. J.		

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
21	United States and France	Arbitration Convention. Feb. 26, 1928	Submit all disputes to the procedure established by the Advancement of Peace treaty.			April 22, 1929 One year's notice	U. S. Tr. S. No. 785
			Submit all differences in which the parties are concerned by virtue of a claim of right to arbitration.	If conciliation fails. U. S.: *Compromis* to be referred to the Senate. Fr.: *Compromis* in accord with Constitution. Domestic jurisdiction, interests of third parties, Monroe Doctrine, obligations of France under the League of Nations.			

C. Clauses for peaceful settlement

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
22	Netherlands and Portugal	International Relations in the Archipelago of Timor and Solor. June 10, 1893	Arbitrate difficulties relating to their international relations in the Archipelago of Timor and Solor or as to the interpretation of the convention. (Art. VII)		Perm. Ct. of Arbit.	June 10, 1893 No stipulation	Martens, 2nd S., XXII, 463
23	France and Netherlands	Telegraphic Relations of Their Colonies. April 6, 1904	Arbitrate difficulties as to the interpretation or execution of the convention. (Art. XI)	While waiting for a general bilateral agreement for the pacific settlement of international conflicts.	Perm. Ct. of Arbit.	April 6, 1904 No stipulation	Martens, 2nd S., XXXIII, 576
24	Netherlands and Portugal	Limitation of the Frontiers in Timor. Oct. 1, 1904	Arbitrate all differences as to the interpretation or execution of the convention. (Art. 14)		Perm. Ct. of Arbit.	Oct. 1, 1904 No stipulation	Martens, 3rd S., II, 168
25	United States and Great Britain on behalf of Canada	Boundary Waters Between United States and Canada. Jan. 11, 1909	May arbitrate questions or matters of difference involving rights, obligations, and interests of either in relation to each other or their respective inhabitants.[6] (Art. X)		International Joint Comm'n	May 5, 1910 One year's notice	III Malloy 2607
26	British Empire, including Australia, Canada, and New Zealand, Japan, Russia, United States	Preservation and Protection of Fur Seals. July 7, 1911	Agree that upon the request of any party a conference of all the parties shall be held to consider and agree if possible upon a further extension of the convention with such conditions and modifications, if any, as may be found desirable. (Art. 16)		*Ad hoc* conference	Dec. 15, 1911 One year's notice	III Malloy 2966

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[6] This also provides for submission of boundary waters disputes to inquiry, but not the submission of Pacific problem.

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
27	Belgium, British Empire, including Australia, Canada, and New Zealand, China, France, Japan, Netherlands, Portugal, United States	International Opium Convention. Jan. 23, 1912	Agree to designate delegates to conference to come to an immediate agreement on any question relative to the ratification of the convention, or to the going into effect of the convention, or of the laws, regulations, and measures which the convention involves. (Art. 24)		*Ad hoc* conference at The Hague	Feb. 11, 1915 One year's notice	L. N. Tr. S. No. 222
28	Great Britain and Portugal	Treaty of Commerce and Navigation. Aug. 12, 1914	Arbitrate on demand of one party any controversy regarding the interpretation or application of the treaty as well as the rates of the conventional tariffs agreed upon between the contracting parties and third states. (Art. 22)		*Ad hoc*	Sept. 23, 1916 One year's notice	Martens, 3rd S., XV, 522
29	Belgium, British Empire, including Australia, Canada, and New Zealand, France, Japan, Netherlands, Portugal	Regulation of Aerial Navigation. Oct. 13, 1919	Refer to judicial settlement any disagreement as to the interpretation of the convention.		Perm. Ct. of I. J.	July 11, 1922 One year's notice	L. N. Tr. S. No. 297
			Arbitrate any disagreement relating to the annexed technical regulations or a difference involving the question whether the interpretation of the convention or that of a regulation is concerned. (Art. 37)		International Comm'n for air Navigation		

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
30	France, Japan, Great Britain	Convention Concerning Unemployment. Nov. 28, 1919	May submit complaint to inquiry and report.		Comm'n of Enquiry	July 14, 1921 Ten year's after came into force for that party and one year's notice	I. L. C., First Session, p. 258
			Refer complaint for judicial decision if report is not accepted.		Perm. Ct. of I. J.		
			Refer for decision failure to take certain action, on request of one party.		Perm. Ct. of I. J.		
			Refer for decision any question or dispute relating to the interpretation of the convention.[7]		Perm. Ct. of I. J.		
31	Belgium, Great Britain, Japan, Netherlands	Minimum Age for Admission of Children to Industrial Employment. July 9, 1920	See No. 30			June 13, 1921 Ten years after came into force for that party and one year's notice	I. L. C., First Session, p. 262
32	Belgium, Canada, Great Britain, Japan, Netherlands	Minimum Age for admission of Children to Employment at Sea. July 9, 1920	See No. 30			Sept. 27, 1921 Ten years after came into force for that party and one year's notice	I. L. C., Second Session, p. 576

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[7] Provisions for peaceful settlement applying to the International Labor Conventions are found, not in the conventions, but in the Treaty of Versailles, Articles 411–417, 423.

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
33	Australia, Belgium, France, Japan	Establishing Facilities for Finding Employment for Seamen. July 10, 1920	See No. 30			Nov. 23, 1921 Ten years after came into force for that party and one year's notice	I. L. C., Second Session, p. 582
34	United States and China	Importation of goods into China. Oct. 20, 1920	Arbitrate any dispute between customs and importer regarding the value or classification of goods. (Annex II, Rule 1)		*Ad hoc*	Nov. 5, 1921 Ten year intervals from Jan. 13, 1904	U. S. Tr. S. No. 657
35	British Empire, including Australia, Canada, and New Zealand, and the League of Nations	Mandate for Nauru. Dec. 17, 1920	Submit to judicial decision any dispute between the mandatory and any member of the League as to the interpretation or application of the provisions of the mandate. (Art. 7)		Perm. Ct. of I. J.	Dec. 17, 1920 No stipulation	Br. and For. State Papers, CXIII, 1111
36	New Zealand and the League of Nations	Mandate for German Samoa. Dec. 17, 1920	See No. 35				Br. and For. State Papers, CXIII, 1107
37	Japan and the League of Nations	Mandate for former German Pacific Islands North of the Equator. Dec. 17, 1920	See No. 35				Br. and For. State Papers, CXVI, 806

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
38	Australia and the League of Nations	Mandate for certain German Pacific Islands South of the Equator. Dec. 17, 1920	See No. 35				Br. and For. State Papers, CXIII, 1113
39	Belgium, Japan, Great Britain, France, New Zealand, Netherlands	Freedom of Transit. April 20, 1921	Submit disputes as to the interpretation or application of the Statute for an opinion and, in urgent cases, a preliminary opinion.	Without prejudice the powers and rights of action of the Council and of the Assembly.	Advisory and technical organiz'n, communications and transit	Oct. 31, 1922 Five years after came into force for that party and one year's notice	L. N. Tr. S. No. 171
			Bring such disputes before the Permanent Court of International Justice. (Art. 13 of the Statute)	After resort to conciliation. Unless settled by arbitration or other means.	Perm. Ct. of I. J.		
40	France, Great Britain, New Zealand	Navigable Waterways of International Concern. April 20, 1921	Submit disputes as to the interpretation or application of the Statute for an opinion and, in urgent cases, a preliminary opinion.	Without prejudice to the powers and rights of action of the Council and of the Assembly. Without prejudice to certain special provisions.	Advisory and technical organiz'n, communications and transit	Oct. 31, 1922 Five years after came into force for that party and one year's notice	L. N. Tr. S. No. 172
			Bring such disputes before the Permanent Court of International Justice. (Art. 13 of the Statute)	After resort to conciliation. Unless settled by arbitration or other means.	Perm. Ct. of I. J.		

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
41	Canada, Great Britain, and New Zealand, and France	Application of Paragraph "F" of Article 296 of the Treaty of Versailles. July 20, 1921	Settle by direct agreement difficulties arising in the application of the convention			July 20, 1921 No stipulation	L. N. Tr. S. No. 213
			Arbitrate the difficulty in case of disagreement. (Art. 5)		*Ad hoc*		
42	Canada, Great Britain, and New Zealand, and France	Application of Article 296 of the Treaty of Versailles. July 20, 1921	Settle by direct agreement difficulties arising in the application of the convention.			July 20, 1921 No stipulation	L. N. Tr. S. No. 228
			Abritrate the difficulty in case of disagreement. (Art. 5)		*Ad hoc*		
43	Belgium, France, Canada, Great Britain, Japan, Netherlands	Compulsory Medical Examination of Children and Young Persons Employed at Sea. Nov. 11, 1921	See No. 30			Nov. 20, 1922 Ten years after came into force for that party and one year's notice	I. L. C., Third Session, p. 860
44	Belgium, Japan	Age for Admission of Children to Employment in Agriculture. Nov. 16, 1921	See No. 30			Aug. 31, 1923 Ten years after came into force for that party and one year's notice	I. L. C., Third Session, p. 835

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
45	British Empire, including Australia, Canada, and New Zealand, Japan, Netherlands, Portugal, United States, Belgium, China, France	Policies in China. Feb. 6, 1922	Agree that there shall be full and frank communication if a situation arises which in the opinion of any one of them involves the application of the stipulations of the treaty, and renders desirable discussion of such application. (Art. VII)			Aug. 5. 1925 No stipulation	L. N. Tr. S. No. 982
46	Belgium, Canada, China, Great Britain, Netherlands Portugal, New Zealand	Obscene Publications. Sept. 12, 1923	Refer for decision or arbitrate, if one party is not a party to the Court, disputes as to the application or interpretation of the convention. (Art. 15)		Perm. Ct. of I. J. *Ad hoc*	Aug. 7, 1924 One year's notice	L. N. Tr. S. No. 685
47	Australia, Belgium, China, France, Great Britain, Netherlands, New Zealand	Simplification of Customs Formalities. Nov. 3, 1923	May submit disputes as to the interpretation or application of the convention for an advisory opinion. May arbitrate or refer for decision such disputes. Refer for decision, at request of any state, disputes as to the interpretation of certain provisions. (Art. 22)		Technical body appointed by the League Council *Ad hoc* Perm. Ct. of I. J. Perm. Ct. of I. J.	Nov. 27, 1924 one year's notice	L. N. Tr. S. No. 775

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
48	Belgium, Great Britain, Japan, Netherlands, New Zealand	International Regime of Railways. Dec. 9, 1923	May submit disputes as to the interpretation or application of the Statute for an advisory opinion and, in urgent cases, a preliminary opinion.		Advisory and technical organiza'n, communications and transit	March 23, 1926 Five years after came into force for that party and one year's notice	L. N. Tr. S. No. 1129
			Arbitrate such disputes unless the parties, under an agreement between them, refer them for a decision. (Art. 35)	Should other enumerated means fail.	*Ad hoc.* Perm. Ct. of I. J.		
49	Australia, Belgium, Great Britain, Japan, Netherlands, New Zealand	International Regime of Maritime Ports. Dec. 9, 1923	May submit disputes as to the interpretation or application of the Statute for an advisory opinion and, in urgent cases, a preliminary opinion.	Without prejudice to certain special provisions.	Advisory and technical organiz'n, communications and transit	July 26, 1926 Five years after came into force for that party and one year's notice	L. N. Tr. S. No. 1379
			Arbitrate such disputes, unless the parties, under an agreement between them, refer them for a decision. (Art. 35)		*Ad hoc.* Perm. Ct. of I. J.		

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
50	British Empire, including Australia, Canada, and New Zealand, and United States	Regulation of the Liquor Traffic. Jan. 23, 1924	Submit for joint report any claim by a British vessel for compensation for injury or denial of benefits under the treaty.		Two persons, one nominated by each state.	May 22, 1924 One year periods.	L. N. Tr. S. No. 681
			Arbitrate such claim. (Art. 4)	If no joint report can be agreed upon.	Claims Comm'n of 1910		
51	United States and France	Smuggling of Intoxicating Liquors. June 30, 1924	Submit for joint report any claim by a French vessel for compensation for jury or denial of benefits under the treaty.		Two persons, one nominated by each state	May 12, 1927 One year periods	L. N. Tr. S. No. 1451
			Arbitrate such claim. (Art. 4)	If no joint report can be agreed upon.	Perm. Ct. of Arbit.		
52	United States and Netherlands	Regulation of the Liquor Traffic. Aug. 21, 1924	Submit for joint report any claim by a Dutch vessel for compensation for injury or denial of benefits under the treaty.		Two persons, one nominated by each state	April 8, 1925 One year periods	L. N. Tr. S. No. 863
			Arbitrate such claim. (Art. 4)		Perm. Ct. of Arbit.		

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
53	Australia, Belgium, Canada, China, France, Great Britain, Japan, Netherlands, New Zealand, Portugal, Soviet Union, United States	Universal Postal Union. Aug. 28, 1924	Arbitrate disagreements as to the interpretation or application of the convention and the agreements. (Art. 10)		*Ad hoc*	Oct. 1, 1925 One year's notice	L. N. Tr. S. No. 1002
54	Australia, Belgium, Canada, France, Great Britain, Japan, Netherlands, New Zealand, Portugal	Second Opium Conference. Feb. 19, 1925	May submit disputes as to the application or interpretation of the convention for advisory opinion.	Before resorting to judicial settlement or arbitration.	Technical body appointed by League Council	Sept. 25, 1928 One year's notice	L. N. O. J., 1925, p. 691
			Bring such disputes before the Court at the request of one party. (Art. 32)	Unless settled by arbitration or some other means.	Perm. Ct. of I. J.		
55	Belgium, France, Great Britain, Japan, Netherlands	Equality of Treatment for National and Foreign Workers. June 5, 1925	See No. 30			Sept. 8, 1926 After ten years, on one year's notice	I. L. C., Seventh Session, p. 851
56	Belgium, Great Britain, Japan, Netherlands	Workmen's Compensation for Occupational Diseases. June 10, 1925	See No. 30			April 1, 1927 After ten years, on one year's notice	I. L. C., Seventh Session, p. 846

No.	Parties	Treaty	Nature of Engagement	Reservations	Tribunal	Effective Date Expiration Date	Reference
57	United States and Belgium	Smuggling of Liquors. Dec. 9, 1925	Submit for joint report any claim by a Belgian vessel for compensation for injury or denial of benefits under the treaty.		Two persons, one nominated by each state	Jan. 11, 1928 One year periods	L. N. Tr. S. No. 1690
			Arbitrate such claim. (Art. 4)	If no joint report can be agreed upon.	Perm. Ct. of Arbit.		
58	Belgium, Great Britain, Japan, Netherlands	Inspection of Emigrants on Board Ship. June 5, 1926	See No. 30			Dec. 29, 1927 After ten years, on one year's notice	I. L. C., Eighth Session, I, 435
59	Australia, Belgium, Canada, Great Britain, Netherlands, New Zealand, Portugal, United States	Slavery Convention. Sept. 25, 1926	Refer for decision or arbitrate, if one party is not a party to the Court, disputes as to the application or interpretation of the convention. (Art. 8)		Perm. Ct. of I. J. *Ad hoc*	March 9, 1927 One year's notice	L. N. Tr. S. No. 1414
60	Australia, Belgium, Canada, Great Britain, Japan, Netherlands, United States	Radiotelegraph Convention. Nov. 25, 1927	Arbitrate, at the request of one government, disagreements concerning the interpretation or execution of the convention or regulations. (Art. 20)		*Ad hoc*	Jan. 1. 1929 One year's notice	U. S. Tr. S. No. 767

PART III

APPENDIXES

APPENDIX I

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APPENDIX II

DATA PAPERS PRESENTED TO THE ROUND-TABLES

AMERICAN COUNCIL

Adams, Romanzo, "Further Developments of Race Contacts in Hawaii" (reprint from *Pacific Affairs,* October, 1929).

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14. INOUYE, JUNNOSUKE, "Economic and Industrial Development of Modern Japan."
15. ASARI, JUNSHIRO, "Development of the Social Movement and Social Legislation in Japan."
16. NAGAO, HAMPEI, "Communications in Japan."
17. NAGAO, HAMPEI, "The Railways of Japan: Past and Present."
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APPENDIX III

THE CONFERENCE PROGRAM

The preparation of the conference program, together with a summary of the discussions of the round-tables held on the last day of the conference concerning the future of the Institute, have been summarized by the secretary of the program committee in the conference number of *Pacific Affairs*.[1] The following tabular statement of the 1929 conference program is taken from his article.

ROUND TABLES

October 29—Machine Age and Traditional Culture (4).
October 30—Machine Age and Traditional Culture (4).
October 31—Machine Age and Traditional Culture (1); Food and Population (2); Industrialization (1).
November 1—Extra-territoriality (4).
November 2—Concessions and Settlements (4).
November 4—Manchuria (4).
November 5—Manchuria (4).
November 6—Manchuria (3); Financial Elements in Chinese Foreign Relations (1); Concessions and Settlements (1); Food and Population (1).
November 7—Diplomatic Relations in the Pacific (4).
November 8—Diplomatic Relations in the Pacific (2); Extrality (1):
November 9—Future of the Institute (4).

EVENING SESSIONS

Machine Age and Culture.
In What Ways and to What Extent Do Conditions in One Country Affect Labor Conditions and Standards in Other Countries?
The Old Culture and the New Knowledge.
Manchuria.
What Has the League of Nations to Offer for the Pacific Area?
Forestalling International Dangers Arising from Food and Population Problems.
Diplomatic Relations in the Pacific.
Labor in the Pacific.

As this program indicates, time was given on the final day of the conference for a critical review of the work of the Institute and particularly of the conference. This accords with the spirit of the Institute's procedure which is experimental and self-critical. Each constituent group held a meeting to discuss the conference methods after which a series of round-tables was held to consider the series of questions printed below. The discussions of these round-tables are summarized in the remainder of this section.

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[1] Charles F. Loomis, "Light from Three Conferences: An Exploration into their Technique," *Pacific Affairs*, January, 1930, pp. 126—142.

QUESTIONS FOR DISCUSSION

1. What constructive suggestions have you to offer: (a) As to the most effective post-conference use of the preliminary studies? (b) As to the most effective use of the Proceedings of the Conference?

2. How can the research program of the Institute best be integrated with the biennial conference discussion?

3. In the light of your experience at the present conference what constructive suggestions can you offer for future conferences regarding: (a) Advance preparation of the program. (b) The organization of the conference program day by day. (c) The methods of round-table discussion. (d) Outside entertainment. (e) Size of conference and quotas for national groups, and date of appointment?

Chairmen of Discussions

George H. Blakeslee
James G. McDonald
Archibald Rose
Yusuke Tsurumi

Recorders:

William D. Carter
G. E. Coke
Mrs. Frederick V. Field
S. Matsukata
S. Matsumoto
E. F. Penrose
Miss Catherine Porter
John D. Rockefeller III
Miss Margaret Shotwell
S. Uramatsu
Hobart N. Young

SUMMARY OF DISCUSSIONS

I. THE PURPOSE OF THE DISCUSSION

The object of the Institute is broadly defined in its constitution as being "to study the conditions of the Pacific peoples with a view to the improvement of their mutual relations." The interpretation of that definition and its implementation in practical procedures offers a wide range for discussion. This is aggravated by the fact that in practice the decentralized organization of the Institute has resulted in the linking together of autonomous National Councils and affiliated bodies, loosely coordinated by a Pacific Council under whose direction a central secretariat has been created with headquarters at Honolulu. The constitution designedly throws initiative into the hands of the constituent groups rather than of the central authority and its executive organs. Within those constituent groups and between them there is not, and cannot be as yet, any well-defined consensus of agreement concerning emphases of policy. The whole organization is a new and highly experimental venture in the field of international relations, which has not yet been stereotyped into established forms and procedures.

The great value of retaining this loose decentralized form of organization, with a high degree of local autonomy and initiative, lies in its spontaneity. This is apparent in every aspect of its work. The method of the Institute has been defined as "carefully organized group discussion preceded and followed by a continuous process of study and research." In these fields each of the constituent groups works by its own methods which differ widely as they are dictated by local circumstances and personnel. There has been and still is a strong feeling, reflected in the round-table discussions, that the spontaneity and adaptation to local needs thus generated is of real value. The Institute has not been imposed as a set method reflecting the ideas or purposes of a small group. It draws its inspiration and its methods from a wide and widening circle and seeks by experiment and mutual adjustment to find the best means of achieving its general purposes. In this way its leaders hope gradually to devise satisfactory procedures which shall embody the widest possible range of experience and tested methods.

In the experimental process there is inevitably some lack of coordination, the possibility of confusion of purposes and the certainty of mistakes. Discussion of the Institute itself is arranged at each conference primarily for the purpose of revealing these dangers and seeking ways of improvement. Into that discussion is carried the same frankness that characterizes the other round-tables. Constructive criticism, rather than mutual eulogy, is specifically invited. The questions printed above were designed to elicit from the members of the conference what they regarded as weaknesses and failures in the past work of the Institute and particularly in the handling of the conference at Kyoto. The summary which follows must be read with this fact in mind. Each group statement and many expressions of individual opinion were prefaced by a recognition of the large success of the conference in general. The summary which follows takes this fact as stated and deals rather with the critical suggestions for future improvement of procedure. All the suggestions made assumed the continuance and even the strengthening of the policy of decentralized control hitherto pursued. The Pacific Council with its executive secretariat and its advisory committees is charged with coordination rather than control. The organization in all its aspects is distinctly that of a confederation of autonomous bodies, the balance of responsibility lying with the constituent groups.

Within many if not all of these constituent groups there exists a further distribution of opinion. Their membership is made up partly of academic experts in the main fields of discussion, partly of leaders in business and other practical fields of activity and partly of representatives of various groupings of public opinion. This triple combination leads to varied emphasis upon research, discussion leading to practical improvements in relationships, and the education of public opinion. It has been the aim of the Institute to hold all three emphases in equilibrium, not to subordinate any one to the others; but to find some practical means of combining learning and leadership in the creation of informed opinion upon Pacific problems. This aim is not easy to achieve and, as the summary below will indicate, the Institute is still grappling with the problems of method and procedure. The summary deals broadly with the three divisions of the Institute's work, preparation including research, the conduct of conference discussions and integration with the continuing work of the constituent groups.

2. THE PREPARATION OF THE CONFERENCE

The Kyoto conference was preceded both within the constituent groups and on the part of the central secretariat by rather more than two years of continuing effort in cooperative preparation.[2] The full extent of this preparation can only be measured by considering the activities of the various National Councils and affiliated bodies,[3] together with the biennial report of the General Secretary which is printed below. Specific preparation for the conference was integrated with the continuing work of the Institute in its various branches. The biennial conferences have, in fact, been regarded not as isolated events, but as parts of a continuous process, gathering together and focussing in one international gathering the main activities of many widely scattered groups.

This is apparent first in the attempt to link a large programme of cooperative international research with the biennial conference discussions. The conference meetings bring together the research projects in two ways, first by providing the occasion for meetings of the International Research Committee upon which sit the chairmen of the various national research committees, and also by relating the progress research results to the conference discussions.

This double organization in itself reveals one of the difficulties confronting the Institute. From a strictly scientific point of view the research activities of the Institute have made some headway.[4] Committees advisory to the various National Councils are in active existence and their chairmen form an International Research Committee. Within their constituencies the National Councils are autonomous in research as in other activities; where international cooperation is involved the international committee, working upon agreed principles, has been instrumental in initiating several large-scale research projects. For the most part there has as yet been insufficient time for any but preliminary progress results to be made available, but as the projects are carried through to completion an important volume of scientific information will be fed into the conference discussions, as the need for this information has been disclosed by preceding discussions.

The humanizing of knowledge is, however, a difficult process. Apart from the conferences the research work will go into the general stream of knowledge and be utilized by universities and other agencies. For the specific purposes of the conference there was some criticism of the volume and nature of the data papers made available at Kyoto. Not all of these papers were provided by the research program, some were produced upon the initiative of the National Councils for purposes of discussion and education. As the list printed in this volume will indicate, the aggregate bulk was large and many members felt that "the avalanche of information" was too great, was made available too late, and was in many cases either irrelevant or in an unsuitable form for conference purposes. On the other hand it was pointed out that "none of the studies was prepared wholly for the benefit of the two hundred members of the conference. The work of the conference and its members merely form a focal point for a much wider and more important audience."

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[2] *Ibid.*

[3] e.g., *Biennial Report of the American Council, Institute of Pacific Relations*, New York, 1930.

[4] Cf. progress reports by the Research Secretary in *Pacific Affairs*, March and September, 1929, with the biennial report of the General Secretary (printed below), and the final report of the International Research Committee to the Pacific Council.

It was urged that a distinction should be made between conference documentation and research results, and that the former should be shorter, simpler, prepared on a uniform system and made available at least before the conference members left their homes. It was further urged that this documentation should be related to prepared syllabi circulated beforehand by the central secretariat, and that the larger research results should be digested into simpler form so as to provide at least a minimum reading course for all members prior to their participation in discussion. The chief obstacles that lie in the way of these suggestions, it was pointed out, come from the decentralized organization of the Institute and the difficulty of the secretariat getting from the groups and re-distributing such materials in time, without their being out of date. The distances of the Pacific Ocean present to the Institute essentially the same problems of intercourse as those discussed in connection with diplomatic relations. It would be comparatively simple to have a trained central staff compile preliminary material; but this would take a great deal from the spontaneity and diversity of the material presented.

Much the same trend of argument was followed concerning the preparation of the conference program of discussion. The steps taken in that preparation have been outlined by the secretary of the Program Committee.[5] A sustained effort was made to build the program as well as the data material upon the cooperative effort of all the groups. In some cases this effort was linked up with the domestic program of the National Councils concerned. Notable instances were the Australian volumes which grew out of round-table discussions,[6] and the main Japanese paper on Manchuria which was built up from independent specialist studies and group discussions.[7] In this way an effort was made to draw upon as wide an area as possible in the formulation of the issues to be discussed and the methods by which they should be approached.

The chief criticisms in this regard came from those groups which felt that the process had not been carried far enough and that a considerable part of the group effort, as far as the conference was concerned, had not been utilized.

There was in addition a considerable and widespread demand for a widening of the conference programme. This was specially directed against the tendency to concentrate upon problems of immediate political interest, especially those concerning the Far East. It was also concerned with the failure to provide for discussions which would have been of interest to small minority groups.

An insistent demand was made for earlier crystallisation of the program, a demand which was linked with that for earlier circulation of the data material. The chairman reported that "the Program Committee found itself well implemented by the preparatory secretarial and group work for the preliminary formulation of the program but urged that in future years this preliminary formulation should take place earlier and that the Program Committee itself be constituted and set at work further in advance of the conference than was the case at Kyoto." It was pointed out that such a step raised the dilemma faced by previous conferences between adequate preparation and flexibility. Those interested in relatively fundamental problems tend to prefer early statement and adequate preparation, those interested in practical discussions of more immediate problems prefer to leave as much flexibility as possible for the inclusion of last minute issues of pressing urgency. This divergence in part, but not altogether, reflects the differing academic and political points of view represented in the conference membership.

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[5] Charles F. Loomis, *op. cit.*

[6] Cf. Hon. F. W. Eggleston, "Australia's View of Pacific Problems," *Pacific Affairs*, January, 1930.

[7] M. Royama, "Japan's Position in Manchuria" (printed above, pp. 524–93).

3. THE CONDUCT OF THE CONFERENCE

There was considerable discussion also of the actual handling of the conference. Certain difficulties were inherent in the decision to hold the conference in Kyoto where its members were divided between two hotels instead of being housed together on one campus as in the previous conferences at Honolulu. It was recognised that the Japanese committee of arrangements had been confronted with an exacting task and had overcome its difficulties in an extraordinary degree.

The actual size of the conference itself was a problem. The membership was greater than it had been before and the increase was partly the result of embarrassing last-minute additions to several groups, and also to their accompanying families and staff. A plea was made at this point also for earlier decisive planning. It was pointed out that, apart from the difficulties of housing and similar arrangements, the increased groups had caused greater numbers in the round-tables, a fact which was regarded by many members as detracting from efficiency in discussion. It was argued on the other hand that to secure adequate representation of large decentralized countries such as the United States, Canada and China, and to ensure not only expert and constructive but also interpretative representation of various groups interests, the groups were none too large.

The constructive suggestion was made that in future conferences the number of concurrent round-tables should not be generally limited to four; but that a greater number should be arranged to meet at the same time. The further suggestion was made that there should be more variety in the structure and handling of these round-tables, that some might consist of small expert groups of specialists while others might be larger groups for more general discussion. There was felt to be some tendency towards stereotyping of method and regimentation of the conference membership, with insufficient elective freedom.

In part the criticisms of the conference procedure sprang from lack of acquaintance with the actual organization and methods followed. Some suggestions for improvement had in fact been followed but had escaped the notice of some members. To meet this it was urged that a careful detailed preliminary announcement should be supplied at an early stage explaining to the whole membership the facilities provided and the machinery organized for the next conference. Such an announcement, it was urged, would meet the position of those who felt that "there was more than one fringe in the conference" and that they had "difficulty in grasping what was going on, especially behind the scenes."

It was recognized that, apart from the preliminary work of the groups and the secretariat, the setting-up in detail of the conference program had been greatly hurried. A short preliminary meeting was held at Nara from October 23 to 28, primarily for carrying through the official business of the Institute itself. At Nara the Pacific Council and the International Research Committee met simultaneously with the Program Committee. The time was insufficient to complete the business put before these committees, the membership of which was largely interlocking, with the result that all three continued to meet throughout the Kyoto conference.

The first result was to throw an oppressive burden upon a few leading members of each group and also upon the secretariat. To meet this situation it was urged that these responsible committees should meet at least two weeks before the conference opened, so that the routine business of the Institute should be concluded before the conference discussions proper began. Another suggestion was that each group should bring a manager, presumably its secretary, to attend to detail organization and set its members free for participation in round-table discussion.

The Program Committee was considerably handicapped by this pressure also, since it had insufficient time to plan the program in detail, prepare syllabi, select round-table chairmen and acquaint them with their tasks. Most of the criticisms of the program arose from this situation.

It was urged in this connection also that at least the chairman and probably the members of the Program Committee should have been appointed longer in advance, and given time to acquaint themselves with the desires of their groups and with the previous preparation of the secretariat. It was stated that the work of the committee had in fact ignored a large part of the preparation of certain groups, that there had been insufficient liaison between the groups and their representatives on the committee and that the committee had failed to take full advantage of the range of expert knowledge available in the conference membership. Each group had a member on the Program Committee but there was not effective liaison in every case between these members and their respective groups. In some cases the members of the Program Committee had not been appointed until just before the beginning of the conference.

This was particularly stressed in regard to the selection of round-table chairmen and in the framing of the questions for discussion. It was felt that in future conferences a Program Committee, appointed longer in advance, should have more time for the final preparations and should be able to draw more fully upon expert coopted sub-committees for drawing up detailed syllabi. The syllabi were intended to be suggestive and not definitive; but this was not as clear as it might be made if in future more time is given to allow the Program Committee to work out such syllabi and their use with the round-table chairmen. Moreover, it was argued, the actual tasks of preparation and of chairmanship fell too heavily upon a comparatively few and should have been spread over a greater number of members. Many members felt unable to assume these tasks upon short notice and a greater degree of preparation in advance would assist in this respect. The actual syllabi used as a basis of discussion were often not framed by the chairmen, and were in some cases deemed unsuitable. There were cases in which the actual course of discussion departed rather widely from the syllabus. It was suggested that in future conferences the round-table chairmen, assisted by experts, should themselves draw up the syllabi, perhaps on the basis of those prepared in advance by the secretariat.

A very general criticism concerned the lack of integration of the work of the various sections of the conference. There was some demand for statements of the main decisions of the Pacific Council, an outline of the work contemplated by the International Research Committee, and the plans and methods of the Program Committee. There was an even more important demand for an integration of the discussions of the various concurrent round-tables.

Various expedients had been tried at the two previous conferences aimed at such integration. In 1925 an effort was made to conduct evening forums as a round-table of the whole conference; in 1927 the leaders of the various round-tables reported to evening forums. There were weaknesses in both experiments; but the lack of any such integration in 1929 was felt to be a decided loss. Those who were fortunate enough to attend the brief meeting of chairmen at the conclusion of the round-tables each morning gained a clear picture of the general progress made; but these were small meetings of a machinery character, for the Press Committee, to keep round-table chairmen in touch with one another, and to inform the Program Committee of the trend of discussion. There was a general demand that some such general reports to the membership as a whole should be reinstated as a regular part of the conference machinery.

This matter was directly connected with the perennial problem of publicity. The evening lectures at Kyoto were open to the press, experienced journalists also gave out to the press the gist of round-table discussions as reported each morning by the chairmen. There was a difference of opinion concerning the advisability of opening future conference proceedings still more generously to representatives of the press. There are some conference members who feel this would be a distinct advantage, others feel it would interfere unduly with the frank interchange of opinion. There are many also who feel that the Kyoto conference got altogether too much publicity and a minority, while appreciating the work of the pressmen and officials of the conference, felt that the reports were not always and wholly accurate.

There was a not dissimilar divergence of opinion concerning the meetings at more or less regular intervals of the various national groups. It was forcefully argued that such meetings, if they had been more thoroughly organized, would have safeguarded the Program Committee from many of the criticisms given above. Others deplored the tendency towards "national caucuses" as drifting from the original conception of the Institute as a conference of individuals towards scarcely concealed efforts at "unofficial diplomacy."

As the general trend of this summary will show, the criticisms arise not from a feeling of failure, but from a genuine desire to improve still further the methods by which the Institute aims at developing genuine group discussion. In departing from the time-honoured methods of prepared papers and long speeches, and endeavouring to find ways in which minds can meet and genuine interchange of opinion be secured, the Institute is breaking new ground. Its methods are necessarily tentative; but there is no doubt that progress has been made. No one who has experienced genuine round-table discussion wishes to go back to the lecture method. The desire is unanimous to go further and make even more effective the methods that have already brought a fair measure of success.

In this as in most other respects, the Institute is slowly and experimentally feeling its way towards its greatest field of usefulness in the Pacific area.

APPENDIX IV

MINUTES OF MEETINGS OF THE PACIFIC COUNCIL INSTITUTE OF PACIFIC RELATIONS

October 23 to November 9, 1929—Nara and Kyoto, Japan

PRESENT

MEMBERS

David Z. T. Yui, China, *Chairman*
F. W. Eggleston, Australia
Lionel Curtis, Britain
Newton W. Rowell,[1] Canada
Inazo Nitobe, Japan
W. B. Matheson,[2] New Zealand
Jerome D. Greene, United States
F. C. Atherton, Hawaii, *Treasurer*

ALTERNATES

Lord Hailsham, Britain
Edgar J. Tarr, Canada
Chang Po-ling, China
Baron Y. Sakatani, Japan
Roland W. Boyden, United States

HONORARY SECRETARIES

G. F. Taylor, Australia
Hugh A. Wyndham, Britain
John Nelson, Canada
L. T. Chen, China
Soichi Saito, Japan
Horace Belshaw, New Zealand
E. C. Carter, United States

CENTRAL SECRETARIAT

J. Merle Davis, *General Secretary, and Secretary of the Pacific Council*

Conference Officers

President—Dr. Inazo Nitobe, Japan
First Vice President—Lord Hailsham, Britain
Second Vice President—Roland W. Boyden, United States

CONFERENCE COMMITTEES

ARRANGEMENTS

Hampei Nagao, Japan, *Chairman*
Takashi Komatsu, Japan, *Secretary*

PRESS

Motosada Zumoto, Japan, *Chairman*
Dr. Chester H. Rowell, Central Secretariat, *Secretary*
Mark Edgar Nichols, Canada
Dr. C. L. Hsia, China

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[1] Proxy for Sir Robert Borden.

[2] Proxy for Sir James Allen.

PROGRAM

E. C. Carter, United States, *Chairman*
Chas. F. Loomis, Central Secretariat, *Secretary*
Prof. A. H. Charteris, Australia
Prof. A. J. Toynbee, Britain
John Nelson, Canada
Prof. L. K. Tao, China
Y. Tsurumi, Japan
George Lawn, New Zealand
Prof. W. H. Kilpatrick, United States

RESEARCH

Dr. James T. Shotwell, United States, *Chairman*
Dr. J. B. Condliffe, Central Secretariat, *Secretary*
Persia Campbell, Australia
Prof. C. K. Webster, Britain
Prof. H. F. Angus, Canada
Dr. D. K. Lieu, China
Prof. Franklin Ho, China
Prof. Shiroshi Nasu, Japan
Prof. Yasaka Takaki, Japan
Dr. Horace Belshaw, New Zealand
Dr. Charles P. Howland, United States
Dr. Carl L. Alsberg, United States

CONFERENCE EXECUTIVE

Pacific Council, together with chairmen of Research, Program, Press, and Arrangements Committees

INTRODUCTORY NOTE

IV. 1 (Nov. 9). *Conference proceedings.*—On motion by Mr. Greene, *it was voted* that acts of the Pacific Council appropriate for the public should be included in the conference proceedings; and further that the proceedings should contain a list of conference members, a copy of the constitution, and other supplementary material similar to that included in the 1927 proceedings.

[Editor's Note.—In accord with the above resolution, the main body of the minutes of the 1929 meetings of the Pacific Council are included in this volume. In general the omissions cover routine processes of the Council and were made for the sake of brevity. The paragraph numbers are those of the official minute book of the Pacific Council.]

PUBLICITY POLICY

VII (Oct. 23). On motion by Mr. Greene, seconded by Dr. Nitobe, *it was voted* to accept the principle of closed round-tables and to request the press committee to report to the Pacific Council concrete proposals as to publicity in conformity with this principle.

I (Oct. 25). *Preliminary report of press committee.*

1. Dr. Rowell read the preliminary report of the press committee.

To the Pacific Council:

Your press committee, to which was referred for recommendation the question of news reports of conference proceedings, has the honor to report the following suggestions for your consideration:

I. ROUND TABLES

It was the decision of the Council that the meetings of the round tables should be private, in the sense that newspaper reporters should not be present, but it was evidently assumed that your committee would recommend a policy of giving to the press, after the meetings, such information as might be proper without jeopardizing the primary purpose of the round tables, which is free and frank discussion.

In our opinion, this is quite feasible, within obvious limits. Many of the round tables, in fact, could be reported without limit. These, however, are likely to be the ones in which the press is least interested, owing to the difference between the scientific and the journalistic perspective. As to the others, the question arises, first as to the sort of news to be given out, and second as to the mechanism of doing so.

In our opinion, the names of persons or groups should not ordinarily be given, and never against their wishes or without the approval of the leader of the group concerned. Even without names, no discussion or part of a discussion should be given out, if it is indicated by the speaker or requested by the group or round table that it be not for publication. In addition, the press committee should exercise discretion, in giving out news that will be constructively useful, and in avoiding that which would be harmful or liable to misunderstanding. Within these limitations, it is desirable that the press should be supplied with as full and interesting information as possible, and that its treatment should conform to journalistic rather than academic standards.

For the practical technique of accomplishing this, it has been suggested that one person be appointed secretary of each round table, to take notes (not a stenographic report) of the proceedings, and to dictate a resume of these notes immediately after the close of the meeting. One purpose of these reports is to aid in the publication of the volume of proceedings of the meeting. The more immediate one is to serve as a basis for the statements or communiques which the publicity committee is to give out to the press. For this purpose, promptness is very essential. If any general question of policy requires determination, the leaders of the round tables should meet immediately for that purpose, but this proceeding should be omitted in the interest of time, except when necessary.

The question of Japanese and English versions of press matter will be taken up by Mr. Zumoto with the representatives of the Japanese press.

If this proceeding is too elaborate, we would welcome, but do not ask, authorization to simplify it.

II. OTHER MEETINGS

Since the policy above outlined, with reference to the news of the round tables, will at best meet only a part of the legitimate desires of the press and the real interest of the Institute, in the matter of news, we suggest that the Program Committee be authorized to provide other meetings to which the press can have more direct access. Public meetings and lectures of course present no problem. Other more formal discussion meetings of the whole membership, called "forums" were tried at the meetings of the Institute in 1925 and 1927, and are a part of the proceedings of the Williamstown Institute of Politics. There are members of the Program Committee and of the Central Secretariat who have had experience with all these meetings. We think that in the light of that experience they can probably recommend a procedure for such meetings which will make it practicable to admit the press and a limited number of other spectators and still preserve their usefulness. Certainly, if this can be done, it will add greatly to the constructive contact of the Institute and the newspaper readers of the world.

III. GENERAL

Members of the round tables should be cautioned against conversations with the press which would give out news of the proceedings of the round tables or of the words or acts of others. All this should be handled through the authorized channels. On the other hand, each member is his own judge of what interviews he will give out, on his own responsibility, expressing his own views.

In general, we recommend as liberal and "journalistic" a policy as is feasible consistent with the primary purpose of Institute discussions. The first purpose of the Institute is understanding. But that purpose is incompletely attained if the understanding is confined to ourselves. It must be shared with others, and these others, in the final resort, are numbered by hundreds of millions. One step toward that wider understanding is cordial and generous cooperation with a press which is eager to serve us.

4. It was voted to approve the report as amended.

OBSERVERS

I. 1 (Oct. 26). In the discussion of observers, the Council reaffirmed the principle that observers appointed by governments would not be accepted; but that as a general practice, accredited observers would be accorded full privileges of the conference.

2. Mr. Davis read a telegram from Mr. Romm asking that Miss Vera Posdneev be admitted to the conference as his secretary with full participation. He was instructed to reply that Miss Posdneev would be accepted as an observer if appointed by VOKS, but that otherwise she would have only the status of a secretary.

IV. 3 (Oct. 24). The Council were unanimous in an expression of cordiality toward the observer from the U.S.S.R. and those from France, Mexico, the Netherlands, the League of Nations, and the International Labour Office.

NEW MEMBER GROUPS

II. 1 (Nov. 4). Mr. Wyndham presented a report of the committee on New Member Groups. . . . The recommendations accepted by the Council are as follows:

1. *France.*—It is recommended that in view of the fact that members of the British Institute Group are already in touch with Mr. Roger Lévy and Dr. André Siegfried of the Pacific Centre in Paris, the matter of further negotiations with the Paris Centre looking towards affiliation with the Institute of Pacific Relations be put into the hands of the Royal Institute of International Affairs.

2. *North Borneo.*—North Borneo, being under the protection of Great Britain, it is recommended that the question of its future participation in the Institute be left to the management of the Royal Institute of International Affairs.

3. *Netherlands East Indies.*—The Committee is unanimous in the opinion that the cooperation of the Netherlands East Indies in the Institute is desirable, but that such cooperation should be negotiated through the Netherlands.

4. *Mexico.*—It is agreed that the matter of the formation of an Institute group in Mexico should be left to the initiative of Dr. Manuel Gamio, the Mexican observer at the Kyoto Conference.

II (Nov. 7). The Council adopted the following report submitted by the committee on New Member Groups:

> *U.S.S.R.*—The members of the Committee hope that progress toward the formation of an Institute group in the U.S.S.R. may result from the presence of Mr. Romm, the observer from the Society for Cultural Relations with Foreign Countries (VOKS), and Miss Vera Posdneev, but recognize that further action in the matter must depend on their report to VOKS.

FILIPINO MEMORANDUM

SUMMARY OF PACIFIC COUNCIL ACTION ON FILIPINO MEMORANDUM

The Filipino group presented a memorandum to the Pacific Council applying for the recognition of the Philippines as an autonomous state within the meaning of Article III, Section 2, of the Constitution. The memorandum was referred to the American Council with the request that it furnish a statement as to the constitutional status of the Filipino government and that this statement be referred to a committee of the Pacific Council for appropriate action.

BRITISH PROPOSED AMENDMENT TO CONSTITUTION

III. 2 (Oct. 26). The proposal of the British group that the Constitution be amended to preclude the Institute from associating itself with any line of policy or propaganda was also referred to the committee on constitution for drafting.

III. 1 (Nov. 4). Mr. Curtis, as mover, with the acquiescence of the seconder, Mr. Greene, withdrew the resolution submitted to the Council at Nara, October 26, on behalf of the Royal Institute of International Affairs and providing that neither the Institute of Pacific Relations, as such, nor any constitutional national unit, as such, should associate itself with any line of policy or propaganda in futherance of such policy, or express by resolution, or otherwise, a corporate opinion upon any aspect of the matters with the study of which it is concerned. He expressed the belief that the national units of the Institute would in the future adhere to the policy formulated in the resolution, and suggested that groups which had not already done so would find it a safeguard and a convenience to include a definite statement to that effect in the Constitutions of their National Councils.

2. In view of Mr. Curtis' action, the Council discharged the constitutional amendment committee from the further consideration of the resolution.

NEW ZEALAND PROPOSED AMENDMENT TO CONSTITUTION

III. 1 (Oct. 26). The New Zealand proposed amendment extending the time of notification for constitutional amendment provided for in the Constitution from 15 to 30 days, was referred to a committee on constitution composed of Messrs. Curtis, Eggleston, Greene and Takayanagi.

IV. 2 (Nov. 7). With reference to the proposal by the New Zealand National Council for the amendment of Article IV, Section 3, notice of which was sent by cable to the members of the Pacific Council by the General Secretary on August

24, 1929, the Constitutional Amendment Committee recommended the following amendment to the Pacific Council:

> Article IV, Section 3:
> Line 3. *For* fifteen *substitute* thirty.
> Line 4. *For* two months *substitute* ten weeks.

It was voted to amend the Constitution in accord with the recommendation of the committee, the amended section to read as follows:

> 3. A stated meeting of the Pacific Council shall be held during the period and at the place of the Institute Conference. Special meetings may be called by the Chairman on not less than thirty days' notice by telegram, or ten weeks' notice by post, and they shall be so called at the request of three members.

PROPOSED AMENDMENT TO CONSTITUTION PROVIDING FOR INTERIM ACTION OF THE PACIFIC COUNCIL

IV. 3 (Nov. 7). The Committee also recommended to the Council the following amendment to the Constitution:

> Article IV, add:
>
> A resolution signed by each member of the Pacific Council as hereinafter mentioned shall have the same force and effect as if it were a resolution passed at a duly constituted meeting of the Pacific Council. For the purpose of this section the General Secretary on receipt of a proposed resolution signed by two members of the Pacific Council, shall transmit a copy of the same forthwith to each national group and if within three months of such despatch he shall receive a copy of such resolution signed by each member of the Pacific Council or his alternate, such resolution shall be entered in the minutes as a resolution of the Pacific Council.

In view of the fact that the Constitution requires that a Constitutional amendment be proposed to the Council at least two months before action is taken, *it was voted* to accept the amendment proposed by the Committee for consideration by the Council at its first meeting following the expiration of the time requirement of the constitution.

KOREAN AMENDMENT

SUMMARY OF PACIFIC COUNCIL ACTION ON KOREAN QUESTION

The Chairman presented a letter dated October 19, 1929, and signed by five members of the Korean group, supporting the previous request of that group for an amendment of the Constitution (Art. III, Sec. 2) intended to confer the status of a fully autonomous group upon distinct racial groups existing within the territory of a sovereign power having a National Council in the Institute.

At the unanimous invitation of the Pacific Council a group of five Koreans came to Kyoto to confer with the Council regarding the status of the Korean group.

After full consideration of the amendment to Article III, Section 2, desired by the Koreans, having in mind its possible implications affecting not only one national council but others as well, the Pacific Council rejected the amendment. In coming to this decision it was pointed out that the provisions of Article III, Section 3, were expressly intended by the Pacific Council to preserve for the benefit of the Institute the participation in Conferences of racial or territorial groups which might otherwise be less adequately represented.

The Council considered with unanimous approval the suggestion that Article III, Section 3, should be amended in such a way as to provide that the participation of racial or territorial groups in the Conference of the Institute should be arranged by direct communication between the Secretariat and such groups by unanimous consent of the Pacific Council instead of by action by the National Council directly concerned. To give effect to the above provision the Constitutional Amendments Committee proposed that Article III, Section 3, should be amended to read as follows:

> 3. To encourage at Conferences of the Institute the representation of distinct racial or territorial groups existing within or under the jurisdiction of a country having a National Council of the Institute, the Secretariat may by unanimous vote of the Pacific Council enter into direct relations with such groups in making arrangements for their representation and participation in Conferences.

In view of the fact that the Constitution requires that a Constitutional Amendment be proposed to the Pacific Council at least two months before action is taken, it was unanimously voted to consider this proposed amendment at the first meeting of the Council following the expiration of the time requirement of the Constitution.

The Pacific Council expressed to the Korean group the earnest hope that the Institute might have the benefit of that group's regular participation in future Conferences.

RESEARCH

IX (Oct. 24). After general discussion of the control and financing of research by the Institute, *it was voted* that the Chair appoint a sub-committee of three to draft a resolution or resolutions summarizing the discussion of the evening. The Chair named as this committee Lord Hailsham, convener, Dr. Nitobe and Mr. Atherton. The committee was requested to report to the Council as early as possible.

V. 4 (Oct. 25). As convener of the committee appointed to draft a resolution or resolutions summarizing the discussion of the evening session of October 24, Lord Hailsham presented the following resolutions:

Resolved:

I. That the functions of the Institute of Pacific Relations include
  (*a*) the coordination of the research work undertaken by national councils,
  (*b*) the administration of funds entrusted to the Institute for purposes of research,
  (*c*) the stimulation of research by appropriate research bodies;

II. That the salaries and expenses of the research secretariat form a proper charge upon the general funds of the Institute but that these funds be not otherwise applied to the conduct of research; and that separate accounts be kept of funds entrusted to the Institute for research purposes.

It was voted to adopt these resolutions.

REPORT OF INTERNATIONAL RESEARCH COMMITTEE

I. RESEARCH PREPARATION FOR 1929 CONFERENCE

The International Research Committee begs to report to the Pacific Council that the research preparation for the 1929 Conference, on behalf of the National Councils and the International Research Committee, resulted in the documents listed being made available for round-table discussion.

The Committee recommends (a) that a selection of these documents be published in the proceedings of the Conference and a series of complementary monographs; (b) that the selection be left in the hands of the Research Secretary as editor of the proceedings; and (c) that the General Secretary be empowered to arrange with the National Councils concerned for the publication of the documents selected for publication in monograph form.

II. PROGRESS ON UNFINISHED PROJECTS

The Committee begs to report that progress has been made on unfinished research projects as detailed below:

1. G. B. Cressey, "The Geography of China"

A grant of $1,600 for technical assistance was secured from the Social Science Research Council. The book will be published in 1930.

2. J. Lossing Buck (University of Nanking), "Land Utilization in China"

A grant of $10,000 was made to this project in 1929. This has enabled field surveys to be started. A progress report will be available for the 1931 Conference.

3. "The Trend of Agricultural Consumption in Eastern Asia"

4. "The Trend of Pacific Agriculture from Subsistence to Cash-Crop Farming

Both these projects are under the control of Dr. C. L. Alsberg, Director of the Food Research Institute, Stanford University. For each project the Social Science Research Council has voted $7,500 for the first year's work. Mr. W. Y. Swen (University of Nanking) has joined Dr. Alsberg's staff to carry out the first project, and negotiations are proceeding for another foreign economist to undertake the second project.

5. Franklin L. Ho, "Extent and Effects of Industrialization in Tientsin"

A grant of $8,000 was authorized for this project in 1929, of which $4,000 has been paid to the China Council. A preliminary report was presented as a data paper for the Conference, together with a statement of the plan of the project for the endorsement of the Research Committee, and supplementary papers on special subjects.

6. C. F. Remer, "Foreign Investments in China"

Preliminary papers, not for round-table discussion, were presented to a subcommittee of the Research Committee and have been forwarded to Professor Remer as under.

D. K. Lieu	"Foreign Investments in China"
R.I.I.A.	"British Investments in China"
M. Odagiri	"Japanese Investments in China"
C. F. Remer	"American Investments in China"
Howard S. Ellis	"French and German Investments in China"
D. C. Wu	"International Economic Cooperation in China" "Principles of Financial Reconstruction"

This whole project is financed by a grant of $17,000 from the Social Science Research Council to the Brookings Institution. It is being carried out by Prof. C. F. Remer under the general direction of Dr. Harold G. Moulton with the cooperation of the research machinery of the Institute of Pacific Relations.

Professor Remer expects to devote the academic year 1930-1931 to this study. A further Japanese study by Professor Nagano is in course of preparation. Professor Remer's conclusions should be available for the 1931 conference.

7. Moulton-Inouye, "The International Economic Position of Japan

Collaboration was arranged between Mr. Junnosuke Inouye, at that time Governor of the Bank of Japan, and Dr. Harold G. Moulton, Director of the Brookings Institution, as a result of which a plan of investigation was agreed. Mr. Ko, chief of the Research Bureau of the Bank of Japan, has collected the statistical information and is at present at Washington collaborating with Dr. Moulton in the production of the book.

8. Joseph P. Chamberlain, "The Development of Neutrality"

The Social Science Research Council voted $7,000 for this project to be carried out under the direction of the Council on Foreign Relations of New York.

III. STATEMENT OF RESEARCH POLICY

The Committee recommends that the Council adopt the following statement of research policy:

1. That in the case of such projects of research as the several National Councils wish to undertake, or to endorse without reference to the International Research Committee, they adopt in general the principles outlined under No. 3.

2. That the International Research Committee adopt the same principles for such projects of research as it is asked to endorse, whether to be undertaken by a National Council, or by another agency at the instigation of a National Council or of the International Research Committee itself.

3. (a) That the appropriate subjects of research are those connoted by the terms "Pacific" and "relations," i.e., those bearing with a reasonable degree of immediacy on the international relations of the states or territorial areas of the Pacific region as defined for Institute representation.

(b) Inasmuch as resources are limited and questions of degree and therefore of opinion are necessarily involved, the order of priority in recommendation should depend upon the relative quantity in each case of the elements mentioned.

The committee believes also that in fixing priority serious weight should be given on the one hand to the degree of fundamental importance of a question, and on the other to the likelihood that international controversy, especially in the political field, may arise out of the situation to be investigated.

(c) A project should (i) be susceptible of completion (or of a progress report) within a period of two years, though in special cases this limit may be extended to four years, (ii) affect especially countries on the Pacific and not all countries in general, (iii) be of a concrete character likely to affect international relations.

(d) Any project may reach the International Research Committee from any National Council or may be initiated by the International Research Committee itself when the biennial conference is in session.

Any project involving the expenditure of Institute funds shall be entrusted by the International Research Committee to such research institutions or persons in any country as it may approve. If no expenditure be involved, arrangements may be left to the National Council or Councils concerned. A project which can be divided for study among several countries should as far as convenient be distributed for research among the respective countries. In any such case, the International Research Committee should keep in touch with their work in order to secure completeness of the project as a whole and uniformity of treatment of the several parts.

IV. REPORT ON PUBLICATION POLICY

In response to the request of the Council, the Committee begs to submit the following statement of publication policies for adoption by the Council if it thinks fit.

The decentralized cooperative structure of the Institute puts out of consideration any uniform publication policy. The results of research and information studies should reach the general public in three main ways.

1. Many of the most important projects initiated by the Institute are sponsored by independent research bodies such as universities. Publication of the results of such studies should be made under the authority of the trustee institution which should take full responsibility, making fitting acknowledgments to the Institute.

2. Publication of studies and data papers for conference purposes arranged by the National Councils either with or without financial help from the International Research Fund should be made under the authority of the National Council concerned. The formula used should be: "Published by the . . . . Council, Institute of Pacific Relations, or "Published by . . . . for the . . . . Council, Institute of Pacific Relations."

The following form of preface is recommended for adoption by the National Councils.

"This is one of a series of publications which the Research Committee of the . . . . Council of the Institute of Pacific Relations, under the Chairmanship of . . . . has prepared for the forthcoming conference of the Institute at . . . . The . . . . Council offers the following study of . . . . as part of the material background necessary for profitable discussion. The presentation of this material, however, for consideration in the program, does not imply that either the Institute itself or the . . . . Council assumes responsibility for statements of facts or opinions contained in the text. These remain as much the personal expression of the author as would be the case had the contribution been communicated orally."

This procedure should be followed even when the studies in question form part of the Conference proceedings and are printed for convenience as monographs supplementing the Conference record.

3. The only publications for which the Pacific Council should give authority on behalf of the whole Institute are:

(a) The printed report of the biennial conference.

(b) Research studies made under the authority of the International Research Committee which do not come within the responsibility of an independent research body, or a National Council, or those in the preparation of which more than one national council has been concerned.

4. *Pacific Affairs* is not a suitable medium for the publication of the results of long-term research. To adapt it for such purposes would involve problems of staff and finance which are not within the province of the International Research Committee.

5. For the administration of the above policy, the Research Secretary should be recognized as the authorized agent of the Pacific Council and the International Research Committee.

V. FINANCIAL STATEMENT

(a) The Committee presents a balance-sheet of receipts and expenditures of the International Research Fund during 1928 and 1929, with a recommendation that it be formally approved by the Council.

(b) The Committee further presents its estimate of the funds likely to be available for research in 1930.

(c) The Committee recommends that the officers of the Pacific Council ask the American Council to endeavor to secure further research grants for 1931 and succeeding years.

VI. RECOMMENDED EXPENDITURE FOR 1930 AND 1931

(a) The Committee recommends that payments for further research studies should be made as follows in 1930, and if sufficient further grants be received, in 1931:

A. *Projects already begun for which further assistance is needed:*

Project	Amount 1930	Amount 1931
1. Hsu: Completion of Manchurian Study	$ 500	
2. Royama: Completion of Manchurian Study	500	
3. Buck: Land Utilization in China	10,000	$10,000
4. Nasu: Land Utilization in Japan	3,250	3,250
5. Ho: Industrialization in Tientsin	4,000	
B. *New research projects:*		
6. Ho: Population Movement from Shantung and Hopei to Manchuria (App. D)	7,500	7,500
7. Lee: Land Utilization and Rural Economics in Korea (App. E)	2,500	2,500
8. Takayanagi: Comparative Study of Boycotts (App. F)	3,750	3,750
9. Keesing: Government of Pacific Dependencies (App. G)	3,500	3,500
10. The Status of Aliens in Pacific Countries (App. H)	....	1,500
11. Lieu: Industrialization at Shanghai, Nantung, Wusih and other cities (App. I)	....	8,000
12. Nasu: Comparative Study of Changing Rural Social Life (App. J)	1,500	1,500
13. Belshaw: Land Utilization in New Zealand (App. K)	2,000	2,000
Total	$39,000	$43,500

(b) The committee wishes to endorse the following additional projects as pertinent to the Institute's research programme if funds can be secured. It recommends that the officers of the Pacific Council ask the American Council to endeavor to secure additional funds for the prosecution of these projects:

(i) Comparative Study of Standards of Living (App. L)
(ii) Sources of News in the Pacific Area (App. M)
(iii) History of International Relations in the Pacific (App. N)
(iv) The Chinese Family in Transition (App. O)
(v) The Place of Military in Civil Life (App. P)
(vi) Sociological Study of a Chinese District (App. Q)
(vii) Industrial Development in Japan (App. R)

(c) The Committee recommends that the research project for a History of International Relations in the Pacific be left with Professor C. K. Webster and the Research Secretary with a view to action if possible, and further recommends that the various suggestions for the cooperation of historical scholars and the coordination of historical material in the Pacific, should be referred to the American Council of Learned Socieities and the American Historical Society.

(d) The Committee recommends that if the project for a study of the sources of news in the Pacific area be carried forward, cooperation of the various national councils concerned should be arranged, and the work undertaken by them respectively should be coordinated under the direction of the Research Secretary.

(e) The Committee recommends that the Research Chairman and Research Secretary be given interim discretionary power to decide the time and amount of the payments specified under (a) above, in accordance with the practical necessities of a developing research programme.

Charles P. Howland, *Chairman.*

J. B. Condliffe, *Research Secretary.*

I. A. 2 (Nov. 8). On motion by Mr. Curtis, seconded by Mr. Matheson, it was voted to adopt the research policy formulated by the Research Committee in Section III of its report.

3. On motion by Mr. Curtis, seconded by Mr. Matheson, *it was voted* to adopt the publication policy formulated by the Research Committee in Section IV of its report.

4. *It was voted* to accept the report of the Research Committee.

5. On motion by Mr. Curtis, seconded by Mr. Greene, *it was voted* that the Research Secretary should be at the disposal of Dr. Howland as chairman of the International Research Committee.

FINANCE

IV (Oct. 23). *Treasurer's report.*—It was voted to receive the reports of the General Secretary, the Treasurer, the Research, Information and Conference Secretaries, the Librarian and the Office Manager.

VIII (Oct. 25). *Organization and Budget.*

3. On motion by Mr. Atherton, *it was voted* that the Chair appoint a committee of three to meet with the Treasurer and General Secretary to study the question of financing the Institute.

VIII (Nov. 7). *Report of Finance Committee.*

1. Mr. Greene, Chairman of the Finance Committee, presented the Committee's budget recommendations for 1930 to the Council. After discussion, *it was voted* to adopt the Budget A, totalling $111,240, submitted by the committee.

2. Upon recommendation of the finance committee, *it was voted* that a standing committee on finance be appointed, consisting of the Treasurer and one member designated by the chairman of each National Council; and that the duties of this committee should be (a) to assist in raising the budget, and (b) to supervise the financial side of the Institute's operations.

3. On motion by Mr. Curtis, seconded by Mr. Greene, *it was voted* that for the period of this budget the Treasurer, after consultation with the General Secre-

tary, be empowered to suspend any expenditure shown on this budget which he may deem advisable, such suspension forthwith to be communicated to the finance committee for its approval.

VIII. 1 (Oct. 26). The Council ratified the interim acceptance of the British contribution of £ 1,000 to the Institute budget for 1929.

GENERAL SECRETARY

I. 1 (Nov. 7). The Chairman of the nominating committee submitted the following letter from the General Secretary:

> DEAR MR. CURTIS:
>
> I herewith tender my resignation as General Secretary of the Institute of Pacific Relations, to take effect at the convenience of the Pacific Council.
>
> Sincerely,
>
> [*Signed*] J. MERLE DAVIS.

3. On motion by Mr. Curtis, seconded by Mr. Greene, *it was voted* that Mr. Merle Davis be invited to hold office until his successor be appointed and that he should in any case draw his present salary for one year from the adjournment of the present session; and further that Mr. Greene, Mr. Newton Rowell, Mr. Boyden and Mr. Howland be appointed as a committee to seek and to interview available candidates for the post of General Secretary and report to the Council.

4. On motion by Mr. Curtis, seconded by Mr. Rowell, *it was voted* that the Council desires to put on record its opinion that the Institute has achieved the position which it now holds in the Pacific area under the administration of Mr. Merle Davis and recognizes the debt which it owes to his untiring devotion and lifelong knowledge of the Far East.

IV (Nov. 8). Mr. Saito reported to the Council, after a meeting with the Japanese group, that the Japanese Council wished to be kept fully informed with regard to the progress of negotiations for securing a General Secretary to succeed Mr. Davis. The Committee appointed to seek and interview available candidates cordially invited suggestions from members of all national groups with regard to the matter.

II. 6 (Nov. 9). *Interim meeting of the Council.—It was voted* to authorize the chairman of the Pacific Council at his discretion to call an interim meeting of the Pacific Council, the travelling expenses of the members resident outside of the American continent to be a charge, where necessary, on the Institute budget. This authorization was made in view of the pending selection of a new general secretary.

MISCELLANEOUS

II. 1 (Oct. 24). *It was voted* that the Royal Institute of International Affairs be recognized by the Pacific Council as the national unit of the Institute of Pacific Relations in Great Britain.

V (Oct. 23). *It was voted* to ratify the interim action of the Pacific Council accepting the membership of the Canadian Institute of International Affairs as the unit of the Institute of Pacific Relations in Canada.

VI (Oct. 26). *Relations with other international bodies.*—The Council were in accord in approving cordial relations with other international bodies such as the League of Nations, International Labour Office, International Institute of Intellectual Cooperation, World's Educational Association, Pan-Pacific Association, etc., and in endorsing any cooperation with such bodies which does not involve an expenditure of funds. It was suggested that such cooperation be left to the discretion of the General Secretary.

VII (Oct. 26). *Alien Institute units in foreign countries.*—The opinion of the Council with regard to the affiliation with the Institute of aliens resident in a foreign country was to the effect that the problem was one to be settled between the national councils.

VII (Oct. 26). *It was agreed* to table the discussion of removing the Secretariat headquarters from Honolulu until the next biennial conference.

VIII 4 (Oct. 26). Mr. Greene referred to the Council a criticism which had been brought to him that the name of the Institute was ambiguous.

II (Nov. 8). *Location of next conference.*—By unanimous vote, the Council accepted the invitation presented by Dr. Yui on behalf of the China National Council to hold the 1931 Conference of the Institute in China.

II. 4 (Nov. 9). *Relationship of the central secretariat to the national groups.* —The opinion was generally concurred in that the Institute had reached a point in its development where a high degree of autonomy and local initiative should be left to the national groups. . . .

I (Oct. 23). On motion of Mr. Atherton, the Council rose in tribute to the late Dr. Sawayanagi and his work in the organization of the Institute of Pacific Relations and at the 1927 conference.

ELECTION OF OFFICERS

IX (Oct. 23). On motion of Mr. Rowell, *it was voted* to confirm the succession of Dr. Yui to the chairmanship of the Pacific Council for the unexpired term of Dr. R. L. Wilbur. As part of the same motion, *it was voted* to appoint Dr. Nitobe to act as President of the Conference.

VI (Nov. 4). *Chairman of International Research Committee.*—The resignation of Dr. Shotwell as chairman of the International Research Committee was presented to the Council. *It was voted* to accept Dr. Shotwell's resignation with great regret and with deep appreciation of his services. Upon recommendation of the nominating committee, *it was voted* to appoint Dr. Charles P. Howland to succeed Dr. Shotwell as Chairman of the International Research Committee.

IV. 10 (Nov. 9). *Advisory Committee.*—*It was voted* to reappoint as members of the Advisory Committee, under the provisions of Article VI of the Constitution, the following:

F. C. ATHERTON, *Chairman*
R. B. ANDERSON
A. L. DEAN
HERBERT E. GREGORY
T. HARADA
HUGH TENNENT
S. C. LEE

IV (Nov. 8). The Nominating Committee reported the following recommendations for the officers of the Institute to serve until the close of the next conference:

President of the Conference—Dr. David Z. T. Yui
Chairman of the Pacific Council—Mr. Jerome D. Greene
First Vice-Chairman—Dr. Inazo Nitobe
Second Vice-Chairman—Hon. Newton W. Rowell
Treasurer—Mr. F. C. Atherton

On motion by Mr. Curtis, seconded by Mr. Eggleston, *it was voted* to appoint the officers nominated by the Committee.

APPENDIX V

CONSTITUTION OF THE INSTITUTE OF PACIFIC RELATIONS

ARTICLE I. NAME

The name of this organization shall be the Institute of Pacific Relations.

ARTICLE II. OBJECT

The object of the Institute is to study the conditions of the Pacific peoples with a view to the improvement of their mutual relations.

ARTICLE III. MEMBERSHIP

1. Subject to the provisions hereof the Institute of Pacific Relations is constituted by the national units the names of whose representatives are appended to this Constitution and by such other national units as may hereafter be admitted to membership as provided herein.

2. A national unit as comprehended by Section I of this Article shall be a National Council organized for the purposes of the Institute, or an organization of similar purposes, in any sovereign or autonomous state lying within or bordering the Pacific Ocean or having dominions, colonies, dependencies, territories, mandated or otherwise, in the Pacific area, subject to its being approved and admitted to membership by the Pacific Council as hereinafter constituted. Each constituent country shall have one National Council or equivalent organization, hereinafter referred to as the National Council. With the approval of the Pacific Council, independent Local Groups may be organized in an eligible country which has not created a National Council.

3. To encourage at Conferences of the Institute the fullest self-expression of distinct racial or territorial groups existing within an eligible country as defined in Section 2 of this Article, the Pacific Council and the Secretariat may, with the assent of the National Council of such country, enter into direct relations with such groups in making arrangements for their representation and participation in Conferences.

4. Each National Council shall determine its own constitution and rules of procedure and shall file with the Secretariat of the Institute a certified copy thereof and of any subsequent amendment.

ARTICLE IV. PACIFIC COUNCIL

1. The Institute shall be directed by a Pacific Council consisting of one member duly appointed by each National Council, together with the Chairman of the Advisory Committee. The members of the Pacific Council shall each have one vote.

2. The officers of the Pacific Council shall consist of a Chairman, a first Vice Chairman, and a second Vice Chairman, who shall be, *ex officio*, the Chair-

man and Vice Chairmen, respectively, of the Institute. They shall be elected by the Council at a meeting held during the stated Conference, or at an adjourned meeting held thereafter, to serve until the close of the next stated Conference or until their successors have been elected. The Pacific Council shall appoint the General Secretary and the Treasurer of the Institute. The General Secretary shall act as secretary of the Pacific Council.

3. A stated meeting of the Pacific Council shall be held during the period and at the place of the Institute Conference. Special meetings may be called by the Chairman on not less than thirty days' notice by telegram, or ten weeks' notice by post, and they shall be so called at the request of three members."

4. In the event of the inability of a member of the Pacific Council to attend a stated meeting his place may be taken by an Alternate designated by his National Council. In the event of the inability of a member to attend a special meeting his place may be taken by an Alternate designated as above or by a Proxy appointed by the member himself; but the vote of a Proxy shall be valid only as to proposals of which his principal has been informed at least ten days before the special meeting is held or as to which the principal's instructions governing the voting of the Proxy are received before a vote is taken.

5. A quorum of the Pacific Council shall consist of not less than four members including a member or his Alternate or Proxy from each of the following: a member of the British Commonwealth, China, Japan and the United States.

6. A majority vote of the members present shall determine the action of the Pacific Council except as otherwise expressly provided.

7. A copy of the minutes of each meeting of the Pacific Council shall be sent to each National Council.

ARTICLE V. SECRETARIAT

The Secretariat shall be the instrument of the Pacific Council for carrying on the work of the Institute. It shall be directed by the General Secretary who shall be responsible to the Pacific Council for all its activities. The General Secretary shall be assisted by a staff appropriate for the direction, supervision or execution of the several activities of the Institute in accordance with the policies and regulations of the Council.

ARTICLE VI. ADVISORY COMMITTEE

The Pacific Council shall appoint a Committee the advice and assistance of which shall be available to the General Secretary in the discharge of his functions and to which the Council may delegate such authority as shall seem expedient. So far as practicable the personnel of the Committee shall represent the countries having members on the Pacific Council; but at least three of its members shall reside sufficiently near the Secretariat to be able to attend meetings of the Committee and to inform themselves of the condition of the Institute's affairs. The Advisory Committee shall report to the Chairman of the Pacific Council at least once in six months, and at any time upon his request, with regard to the administration and activities of the Institute.

ARTICLE VII. CONFERENCES

1. Conferences of the Institute shall be called by the Pacific Council at stated intervals, which, however, may be changed from time to time as the Council may see fit. In addition to such regular Conferences the Council may call special Conferences. The location of Conferences shall be fixed by the Council.

2. The arrangements for Conferences shall be in charge of the General Secretary acting in cooperation with the Committees concerned with the program and other preparatory work and with the National Council within whose territory the Conference is held.

3. The members of the regular Conferences shall be appointed by the National Councils and independent Local Groups, except as otherwise provided in Article III, Section 3 hereof, the quotas whereof shall be fixed by the Pacific Council.

ARTICLE VIII. FINANCE

1. The expenses of the Institute shall be met by an international budget to which contributions shall be invited from all National Councils and from other sources, but in such manner and to such an extent as to safeguard in the highest possible degree the international character and control of the Institute.

2. The Pacific Council shall fix the fiscal period to be covered by the budget, beginning with the calendar year. At a suitable time prior thereto, as determined by the Council, the General Secretary shall submit a budget for the following fiscal period; and upon the adoption of such budget by the Council, with any necessary modifications, all expenditures shall be made in conformity therewith subject to any subsequent amendments thereof by or under the authority of the Council.

3. The property of the Institute shall be vested in the Pacific Council and the custody and disbursement of its funds and the accounting therefore shall be under the control of the Council.

4. A copy of the budget and of any amendment thereof and a semi-annual statement of receipts and expenses shall be sent to each National Council.

5. Each National Council and independent local Group shall be responsible for its own expenditures.

ARTICLE IX. BY-LAWS AND REGULATIONS

The Pacific Council shall have power to make such By-laws and Regulations for the conduct of its business and of the affairs of the Institute generally as are not inconsistent with the provisions of this Constitution.

ARTICLE X. AMENDMENTS

This Constitution may be amended or repealed by an affirmative vote of not less than two-thirds of the members of the Pacific Council provided that notice of the proposed amendment shall have been given by the General Secretary to each National Council not less than four months if by mail and not less than two months if by telegraph, in advance of the meeting at which the amendment is presented.

ARTICLE XI. RATIFICATION

This Constitution shall take effect upon its ratification by the several National Councils provided, however, that the failure of any National Council so to ratify it shall not invalidate it as between the other parties thereto. The vote of each National Council ratifying this Constitution shall be attested by a competent officer of such Council and filed with the Secretariat.

SIGNATURES

The undersigned, by authority of their several groups assembled at the Conference of the Institute of Pacific Relations in Honolulu, Territory of Hawaii, U.S.A., hereby approve and adopt the foregoing Constitution of the Institute of Pacific Relations, subject to the ratification of the said Constitution by the full authority of their respective National Councils.

[*Signed*] FRED W. EGGLESTON, Australia
A. F. WHYTE, (for the British Group)
A. W. CURRIE, Canada
DAVID Z. T. YUI, China
A. ISHII, Japan
W. NASH, New Zealand
RAY LYMAN WILBUR, United States of America

July 29, 1927

APPENDIX VI

BIENNIAL REPORT OF THE GENERAL SECRETARY INSTITUTE OF PACIFIC RELATIONS

This document is a progress report by the General Secretary, of the development of the Institute of Pacific Relations and the work of the Secretariat during the twenty-six months that have elapsed since the 1927 Conference. It does not include an interpretation of the Institute nor an analysis of its problems of organization and technique. A supplementary paper dealing with these matters is being prepared and will be presented at Kyoto. The General Secretary will not submit reports of the activities of the National Councils. These may more properly be presented by the National Councils themselves.

In July, 1929, the Institute of Pacific Relations entered its fifth year of organized life. In this period it has held two successful conferences and as it opens its third biennial meeting it approaches the most critical moment of its brief history. The first conference was a bold and experimental venture; a step into an unknown world. The second meeting built upon the first, carried the experiment into a wider field and applied it to concrete issues. The third gathering, while not entirely beyond the realm of experiment, will test the theory and the practice of the Institute as the previous meetings have not done. It will demonstrate whether the Institute of Pacific Relations is hardy enough to survive transplanting and whether it can stand up to the buffeting of a realistic and disillusioned world, or whether it is a delicate plant that demands a specially favorable environment to ensure its vitality.

Although the Institute has actively carried on for a number of years, its international machinery has been fully working only in the period that has elapsed since the last conference. The drafting of a constitution by the Pacific Council at its meeting in 1927 and its acceptance by all the member groups has formed a basis for coordinated action and a standard by which the Secretariat has carried on. Several of the national councils have experienced notable growth in personnel and in group activity particularly in relation to research, conference preparation and discussion of international topics.

The two year period has proved the possibility of the peoples of the Pacific working together toward a common goal, each accepting a share in a coordinated international program. If difficulties in agreement upon a definition of the purpose of the enterprise, the emphasis of its program or the use of its technique, have arisen along the way in these first years, they but throw into bolder relief the success of the experiment and the size of the task which lies before the Institute and form a challenge to the exercise of the imagination, common-sense and forbearance of all concerned as we face the future together.

The biennial report is submitted under the following four sections:

I. Department Activities.
II. Personnel.
III. Organizational Developments.
IV. Finance.

I. DEPARTMENT ACTIVITIES

RESEARCH

The research of the Institute by giving some definite task to each member group has been of particular value in holding the widespread organization together and engaging group interest in a common enterprise. The research program is a coordination of the spontaneous initiative of the Institute member groups. It has not been imposed or even suggested from without. The strength of the program lies in the fact that it is an outgrowth of the experience of the member groups and an expression of their estimate of the importance of the problems of the Pacific area judged from their viewpoint as members of the Pacific community. The tested data of research gives point and content to the biennial conference. Without it the conference would tend to become an outlet for the futile expression of motion, sentiment or prejudice alone and progress from year to year would be impossible.

During the two year period, an international research committee has been brought into action; an international survey of the research field has been made; an international research fund has been created; and a coordinated international research program including six of the seven member groups has been started.

The Research Department well exemplifies the creative technique of the Institute. Its task has been to bring together research experts and institutions, problems to be investigated and the funds for carrying on the work. Given these three elements in combination and like the ingredients in the chemical test-tube, a new element of dynamic power is created. In order to effect this change, however, a catalyzer is needed. The Institute provides this catalyzer.

In addition to his survey tours of China, Japan, the United States, Canada, Australia and New Zealand, and the correspondence incident to the development of the international program, Dr. Condliffe, the Research Secretary, has given valuable assistance in conference preparation, information and administration. He edited the report of the 1927 Conference, *Problems of the Pacific,* and in addition to other writing has completed *New Zealand in the Making,* a notable work, which will be published in London and Chicago early in 1930.

In the research program of the Institute, the principle of decentralization has been followed. This policy reduces the apparent bulk of headquarters research and emphasizes the overhead of central expenses in this item, but brings unquestionably larger results in the research field. By granting subsidies to National Councils it is possible to utilize funds available in the different countries. A comparatively small grant can be used to capitalize a volume of research already well advanced as a result of individual or institutional effort.

The Institute has also encouraged individuals and institutions to make available the results of their studies. The liaison work of the Research Secretary has in other cases resulted in fruitful collaboration. The Institute's policy is, wherever possible, to turn over to specialized institutions the responsibility for carrying out projects which it has initiated. These projects then cease to figure in the Institute's program, though the results are available to it.

The Institute has accepted responsibility, however, for certain large projects of a long term nature. Chief among these is the study of land utilization and population which has been entrusted to the University of Nanking. Other projects of a similar character have been deferred for the consideration of the International Research Committee at Nara. Here will also be brought requests by the National Councils for subsidies for projects which these bodies have recommended.

RESEARCH MACHINERY

In the carrying on of international research, the primary bodies are the research committees of the various national councils. These committees are responsible for the initiation and approval of all research projects carried on in their territory. Such projects are then sent with the endorsement of the National Councils upon the recommendation of their Research Committees to the General Secretary who submits them to the International Research Committee. This body consists of the chairmen of the various national research committees and acts as an advisory committee to the Pacific Council. Professor James T. Shotwell is chairman of the International Research Committee. The Pacific Council gives final authorization to the General Secretary to proceed with the projects by devolving them upon some National Council or institution.

INTERNATIONAL RESEARCH FINANCE

The financing of the International Research of the Institute will be treated under three divisions:

A. The biennial research budget
B. The grants of the Social Science Research Council
C. The Laura Spelman Rockefeller Memorial Grant

A. *The biennial research budget.*—The research section of the Institute Budget for 1927, 1928 and 1929 provided for salaries, equipment and travel and also for a fund to be used by the General Secretary upon the recommendation of the Research Secretary in financing small immediate projects. The total expenditures were as follows:

1927	$16,913.85	
1928	25,272.02	
1929	25,797.52	(first six months)

Subsidies on research for the three periods were as follows:

1927	$ 2,858.96
1928	12,169.20
1929	18,883.50

With the exception of travel all these sums have been paid out to bodies or individuals outside of the Institute. The list of research projects is as follows:

PROJECT	PAYMENTS 1927	1928	1st 6 mos. 1929
Hawaii Research—for 1927 Conference	$2,357.96	......	......
Emigration to Malaya—W. J. Hinton	500.00	$ 1,000.00	$ 500.00
Political Aspects of Manchurian Problem—Shushi Hsu	......	500.00	500.00
Land Utilization Project—J. Lossing Buck	......	......	5,000.00
Economic Aspects of Manchurian Migration—Chang Po-Ling	......	2,000.00	2,000.00
Translations—L. T. Chen	......	500.00	......
Nanking publication grant	......	1,700.00	......
Land Utilization Project—S. Nasu	......	3,250.00	3,250.00
Manchurian Project—M. Royama	......	500.00	500.00
The Peopling of Australia—Publication Grant	......	600.00	......
Studies in Australian Affairs—Publication Grant	......	600.00	......
Diplomatic Relations in the Pacific—Extra-territoriality and Tariff Revision—Chinese Council	......	......	1,000.00
Tientsin Industrialization—Franklin L. Ho	......	......	4,000.00
Translation of Manchurian Studies—L. T. Chen	......	......	500.00
Cultural Committee—Japanese Council	......	......	1,000.00
New Zealand Book—Publication Grant	......	......	600.00
Additional Secretarial Travel	......	1,500.00	......
Expenses on drafts	2.00	19.20	33.50
	$2,859.96	$12,169.20	$18,883.50

This list of projects does not represent a complete international research program but only those parts where central initiative was needed in bringing such a program into existence by making an actual beginning.

B. *Grants from the Social Science Research Council.*—In August, 1927, Dr. James T. Shotwell, Chairman of the International Research Committee, presented the research program drawn up by the Institute Conference Research Committee to the Social Science Research Council. The projects submitted were endorsed by the Council which expressed the opinion that the main projects were considered "not only as valid units of study in themselves but that taken together they fit into a well considered plan for international research." In addition to this general endorsement of the research program, specific grants totalling $40,600 have been made by the Social Science Research Council for projects initiated by the Institute, and have been assigned to specific institutions and experts as parts of the coordinated Institute program. The projects are as follows:

1. *The trend of consumption of agricultural products in Eastern Asia*, placed under the direction of Dr. C. L. Alsberg, Director of the Food Research Institute of Stanford University; $7,500 was provided for the first year's work.

2. *Trend of Pacific agriculture from subsistence to cash-crop farming*, placed under the direction of Dr. Carl L. Alsberg with a grant of $7,500 for the first year's work. Mr. W. Y. Swen, of Nanking University, is already collaborating with Dr. Alsberg upon this project at Stanford University.

3. *International financial and economic relations of China.*—This project has been placed under the direction of Professor C. F. Remer of the University of Michigan. A sum of $17,000 was made available to the Brookings Institution of Washington under which the work will be carried on. Professor Remer is collaborating in this study with the Institute Councils in China, Japan, and the United States and with the Royal Institute of International Affairs, London.

4. *Geography of China.*—A grant-in-aid of $1,600 was made available to Professor G. B. Cressey of Shanghai College for the completion of his travels and publication of his work on the geography of China.

5. *The development of neutrality.*—A sum of $7,000 was voted for this project to be carried out by Professor Joseph P. Chamberlain of Columbia University under the direction of the Council on Foreign Relations of New York.

C. *The Laura Spelman Rockefeller Memorial Grant.*—The arrangement with the Social Science Research Council was invaluable in the earlier stages of the Institute's work and has resulted in the substantial assistance recorded in the preceding subsection. It became apparent, however, that the Institute was engaged in cooperative international research and had built up unique machinery for such cooperation. The anomaly of submitting its projects to a purely national body such as the Social Science Research Council of America for approval and financial help became obvious. A direct request was therefore made to the Laura Spelman Rockefeller Memorial through Mr. E. C. Carter, for assistance in establishing an international research fund from which the Pacific Council could subsidize projects recommended to it by the International Research Committee.

At its meeting in November, 1928, the Memorial gave favorable consideration to this request and announced its decision to grant a sum of $60,000 for research to the Institute of Pacific Relations to be expended in 1928, 1929 and 1930, and to appropriate a further sum of $50,000 during 1929 and 1930, payments to be made conditional upon a dollar for dollar basis for all contributions received from other sources in 1929 and a basis of one for every two dollars raised from other sources in 1930. This conditional grant in either year was not to exceed $25,000. Certain grants have already been made from this fund as previously indicated but a part of the International Research Fund for 1929 and all of that for 1930 awaits allocation by the Pacific Council after consideration of the projects recommended by the International Research Committee at Nara.

LIAISON FUNCTION OF THE RESEARCH DEPARTMENT

Much of the value of the Research Secretary's visits to the various Pacific countries arises from the opportunities thus afforded for stimulating research activity by putting research workers in touch with parallel studies in other countries. He is increasingly called upon for introductions and personal advice. Such work yields the Institute valuable contacts and also has important indirect results in the stimulation of research outside the Institute's activities.

CONFERENCE

The conference of the Institute is considered as a continuous process rather than an isolated event occurring at two year intervals. Each conference is intimately linked with the preceding meeting, and from it receives its momentum and the indication of its general direction. The national councils are the tribunals before which the values of conference results are judged, the relative importance of international problems of the Pacific area determined and the proposals for the new conference agenda weighed. It devolves upon the Secretariat to ascertain the opinions of conference agenda, to study these opinions separately in the light of other group opinion and to prepare a coordinated program proposal embodying so far as possible the opinions of all groups without compromising the interests of the Institute as a whole. This process has been followed since the 1927 conference. Three principal methods have been used: secretarial visitation of the various national councils, correspondence with national councils and with individuals and the use of the questionnaire.

Visitation has enabled the Secretariat to use still another effective means of program building—namely personal study by the secretaries of the vital problems of the various countries with reference to the Pacific.

In March, 1928, Mr. Charles F. Loomis was appointed Conference Secretary and during the period of this report conference preparation has been carried on under Mr. Loomis' direction. While the General Secretary was absent in Europe and the Orient Mr. Loomis had responsibility for the management of Headquarters and served as secretary of the Hawaii Council.

Preparation for the 1929 Conference began within a short time after the close of the 1927 meeting through the group visitation by the Secretariat already mentioned. These visits made possible detailed conferences with national groups and key individuals on many aspects of conference technique, agenda and preparation and these personal conferences became the base upon which the subsequent plans for the Kyoto meeting have been built. Extended correspondence has supplemented the visits of the secretaries. The group opinions were circulated among the other national councils and criticism and comment were invited. In the autumn of 1928 a questionnaire embodying the comments and suggestions of the national groups was circulated. The replies to this questionnaire were tabulated and analyzed, and carried forward the development of the agenda. The columns of *Pacific Affairs* have also been used as a means of keeping the Institute members informed of conference developments and particularly the trend of the proposed agenda. The visits at Headquarters of members of several of the national councils have been another valuable aid in conference preparation and in the process of the crystallization of group opinion.

At the 1927 meeting of the Pacific Council a tentative invitation was given to the Institute by the Japanese group subject to confirmation by the Japanese National Council to hold the 1929 conference in Japan. This invitation was confirmed in April, 1928, the month of November and the city of Kyoto being suggested as the date and place of the meeting.

INFORMATION

The Information Department from July, 1927, to July, 1929, has been in charge of Miss Elizabeth Green, with the help during the second year of a half time and later a full time assistant.

Dr. Chester H. Rowell was appointed Information Department Secretary from July to December, 1929, with special responsibilities for conference publicity.

PUBLICATIONS

Pacific Affairs.—For some time prior to the 1927 Conference a 20-page *News Bulletin* was published each month as an Institute house organ. It carried occasional articles contributed by National Councils, but was largely devoted to Institute news, and led a precarious existence. By the summer of 1927 it had reached a circulation of 1,200 copies.

In May, 1928, the publication was renamed *Pacific Affairs;* an honorarium of $50 for solicited articles was offered, and certain alterations in cover design, make-up and type were effected. The nature of the publication has been considerably modified in the direction of the needs of students of Pacific problems. The following special features have been added: A review section—"Books of the Pacific"; a translation section, a department of Pacific Items, a department of "Reflections," reprinted from the press of the Pacific area, a department of citations to current sources of information (magazine articles and pamphlet abstracts) and a department devoted to Institute conference preparation.

Pacific Affairs is not attempting to provide exhaustive information or a mass of data on the Pacific; on the contrary it recognizes that the field is too immense for such a policy and that a more practical service is to introduce the reader to source material which may be the working tools for students and laymen who are interested in the problems of this part of the world. Through its translations and reprints of the press of the Pacific area it provides a reflection of national opinion on current questions of international interest. The journal still serves its original purpose through a small section devoted to Institute news. It has proved a valuable adjunct of conference preparation through carrying bibliographical lists and interpretative articles, and has outlined the development of the agenda from month to month.

In several of the national groups the journal has served to create interest and an understanding of the Institute. It has also served as a means of liaison within the groups themselves, between the National Councils and between the Councils and Headquarters. *Pacific Affairs* is in a measure an embodiment of the Institute idea. It has experienced an evolution in response to an international and specialized need. Its future will depend on the future of the Institute and the desires of the National Councils.

The circulation of *Pacific Affairs* is at present 2,000. The issues average 72 pages and are printed at a monthly cost of about $485. All recipients of *Pacific Affairs* have been notified that 1930 subscriptions will be payable at the rate of $2.00 per year.

Pacific Data.—From August 15, 1927, until the end of 1928 a fortnightly sheet known as *Pacific Data* was published as an information exchange. Conference papers were utilized as sources for brief digests on a wide variety of topics relating to the Pacific area. Clippings were used from a considerable range of publications of Pacific countries which rarely find circulation abroad. The sheet was widely circulated among newspaper editors and writers but was discontinued owing to a lack of evidence of its value.

Occasional publications.—The information Department has been responsible for the publication of informational and other pamphlets regarding the Institute. A four-page pamphlet entitled *Fact Finding in the Pacific* was prepared for the 1928 National Conference of the American Chamber of Commerce. A fifteen-page booklet, entitled *The Institute of Pacific Relations—Organization and Purpose*, was printed for general informational use. An announcement pamphlet of the 1929 Conference has been printed in two editions of 1,000 copies each. The Department has also cooperated in the arrangements for printing the data papers prepared by the various groups for the 1929 Conference.

PUBLICITY

Following the 1926 Conference an analysis of the different types of conference publicity was made with the purpose of ascertaining their comparative value. The conclusion was reached that the local management of publicity by a National Institute Council, in close cooperation with Central Headquarters would in the future be more serviceable than that conducted over the international field from Honolulu. The subsequent publicity of the department has taken on very modest proportions, being limited to cable releases on important interim events, stories to resident correspondents of national services and Honolulu newspapers, and information to secretaries of National Institute Councils.

TRANSLATION

The Information Department has been experimenting with the use of translations from Chinese, Japanese and Russian sources. The plan of securing local translators to digest articles appearing in Chinese and Japanese periodicals was given a trial, but the arrangement was subject to serious limitations and was at length abandoned in favor of a translation service carried on in China and Japan under the Supervision of the National Councils.

INFORMATION EXCHANGE

A considerable task has been the answering of requests for information on the Institute and the problems with which it is concerned. Such requests come from many parts of the world and from a wide range of individuals and institutions.

The department has also served as a medium of information exchange between Institute groups, for the distributing of material for the National Councils and apprising the groups of one another's published material or of publications of other organizations.

A beginning has been made in the establishment of periodic national reports on Pacific affairs through the initiative of the British group. Quarterly reports by the British group containing a record of Parliamentary conversations of Far Eastern matters have been received since July, 1928, and have been published in *Pacific Affairs*. This has served as an incentive in the American, Australian and Chinese groups to prepare somewhat similar national surveys.

The Information department was active in the initial stages of library development. An information file was created. A representative selection of daily, weekly and monthly journals of the Pacific area was provided and a clipping service started. This service has been a useful adjunct to the work of the Editor. In cooperation with the library the department has built up an exchange list of periodicals and a book reviewing service.

LIBRARY

With the growth of the Secretariat, the opening of the Research Department, and the development of the information activities the need for an Institute library has become increasingly apparent. The Institute library is a special reference collection of books, documents, journals and press clippings relating to the problems of the Pacific area. It is not yet a research library and does not at present anticipate the building up of an exhaustive collection of research works. It is intended to assist the members of the Institute staff in their tasks of research, conference preparation, publication and information. It is also intended to be available for local and visiting students of Pacific affairs. Used in connection with the University of Hawaii with its growing emphasis upon research, it is expected to be made serviceable to an increasing number of investigators who are making Hawaii a center of research.

An item for library was included in the two-year budget presented by the General Secretary to the Pacific Council in July, 1927, and $10,000 per annum was approved by the Council. In the following months the beginnings of a library were made by the joint activities of the Secretariat. Through the generosity of the University of Hawaii fireproof housing facilities were provided in the third floor of its library building. In June, 1928, Miss Clara Chung was appointed acting librarian and continued with the library until August 1, 1929, when she resigned to accept a position in Yenching University, Peking. In January, 1929, Miss Isabelle Clark, Librarian of Grinnell College, Iowa, was secured as Institute Librarian.

The library now contains 1,200 books, several hundred pamphlets and four hundred folders of clippings. It is regularly receiving 150 periodicals, many of which are gifts or exchanges, and 16 newspapers. The Carnegie Endowment for International Peace has granted the library the privilege of being a depository for its publications. Arrangements have been made with the Canadian, American, New Zealand and Australian governments to receive regularly their official department reports and state documents. All of the publications of the League of Nations and a majority of those of the International Labor Office are being received. At present a majority of the general books being added to the library are supplied as review books. One hundred and sixty such review volumes have been received since January 1st, 1929.

HEADQUARTERS OFFICE

On July 1st, 1928, the Headquarters of the Institute were moved from their downtown location to the present quarters at 1641 South Beretania Street. The building is well situated and conveniently arranged for Institute activities and accommodates the whole staff with the exception of the Librarian. The office has been reorganized and is managed by Mrs. M. C. Miller. She has responsibility for the office personnel, the upkeep, equipment of building and grounds, the correspondence, cables and files, bookkeeping and finance and arrangements for public meetings. A cross index system has been established for ready reference to the correspondence, which now amounts to more than 1,000 incoming and outgoing letters each month. The personnel in addition to Mrs. Miller includes six stenographers and copyists, one part time assistant and a shipping clerk.

The Headquarters office has received a large number of international visitors including members of the Secretariat of the League of Nations and International Labor Office, and travelers from the United States, Canada, Japan, China, India, Australia, New Zealand, Samoa, Fiji, Chile, England, Germany, Switzerland, Austria and Korea. Many of these visitors have been entertained as guests of the Institute or of the Hawaii Council, and have been a source of international stimulus and education.

II. PERSONNEL

GROWTH OF SECRETARIAT

Four new secretaries have joined the Secretariat since the 1927 Conference. In May, 1928, Mrs. Marguerite C. Miller was appointed Office Manager. Miss Isabelle Clark joined the staff as Librarian in February, 1929. The accession of two Oriental secretaries in February and June, 1929, is possibly the most significant event in Institute history since the preceding conference.

The new associate general secretaries have brought strong leadership and wide experience in international affairs to the Secretariat. Dr. Hawkling Yen has been connected with the Foreign Office of China. He was China's first representative at the League of Nations, served as Secretary General of the Chinese delegation at the Washington Arms Conference and was Secretary of the International Tariff Revision Commission in Peking. Dr. Yen was formerly President of Tsing Hua Indemnity College and was founder and editor of the *Chinese Political Science Journal* of Peking.

Mr. Keichi Yamasaki has entered the Institute from a diplomatic background. He has served in the consular and diplomatic fields in China, Great Britain, the United States and Peru. Mr. Yamasaki is well known in Hawaii from his service there as Consul General from 1921–1924. Subsequently he was appointed Japanese Minister to Peru.

SECRETARIAT VISITATION

One of the chief responsibilities of the Secretariat has been to maintain liaison between the Institute member groups. This has been carried on by travel, correspondence and publications. All of the National Councils have been visited by one or more staff members during the two-year period. In the autumn of 1927 and winter of 1928, the General Secretary visited Canada, the United States, England and the Continent of Europe. He spent a month at Geneva studying the organization and program of the League of Nations and the International Labor Office and making contacts with their Secretariats. He then visited Moscow, met with Foreign Office officials and Third International leaders to whom he explained the Institute of Pacific Relations. Through the Society for Cultural Relations with Foreign Countries, he was able to hold a conference with a group of specialists representing the principal Russian scientific societies interested in Far Eastern and Pacific questions. Tentative plans were made with this group and a committee was formed for the purpose of cooperation with the Institute of Pacific Relations and participation in the 1929 Conference.

The General Secretary also interviewed academic and official leaders in Holland and in Paris and discussed the possibility of French and Dutch cooperation. In London he met the Council of the Royal Institute of International Affairs and the members of the British Institute of Pacific Relations group. He proceeded to the Far East in the spring of 1928, and spent the months of May and June in Japan and China, making preliminary arrangements for the 1929 Conference. He also took up with the National Councils of Japan and China the question of securing associates for the Secretariat. In October, 1928, the General Secretary proceeded to the United States and Canada to meet members of both National Councils and to come to an understanding with the American Treasurer and Committee on the question of the proposed enlargement of the 1929 budget. From December, 1928, until September, 1929, the General Secretary has been uninterruptedly at Headquarters.

The Research Secretary, Dr. J. B. Condliffe, has visited all of the Institute member groups except the British since the 1927 Conference. This has enabled him to make a thorough survey of the field in preparation for submitting a program of international research to the International Research Committee. With this in view, Dr. Condliffe visited China and Japan in the winter of 1927–1928, the United States and Canada in the spring of 1928 and Australia and New Zealand during the spring of 1929. These visits enabled him to become acquainted with research workers and institutions in each country, to confer with the various national research committees, and to get direct contact with the main problems requiring investigation. His report upon these visits has become the basis on which the International Research Program is being built.

Mr. C. F. Loomis, in the summer and autumn of 1928, made a world tour in preparation for the 1929 Conference. He visited the American, English, Chinese and Japanese National Councils and spent some time at Geneva and Moscow. His journey was of value in enabling the Secretariat to ascertain the wishes of the

National Councils as to the management, procedure and agenda of the biennial Conference. Mr. Loomis also made valuable research contacts at Geneva, where cooperation on conference preparation was secured from both League and International Labour Officials. In the spring and early summer of 1929, Mr. Loomis by special request visited the American National Council and discussed with its members the development of the Kyoto Conference program. He included in his itinerary Montreal, Toronto, Ottawa and Vancouver, meeting the leaders of the Canadian Institute in these cities.

Dr. Hawkling Yen who was appointed Associate General Secretary in January, 1929, after visiting the Institute groups in China and Japan and spending the months of March and April at Headquarters, started in May upon a tour of the Institute Councils in Canada, the United States and England. He followed up previous secretarial contacts in Paris, the Hague and Geneva, but was unable to proceed to Japan via Moscow and the Siberian route as planned owing to disturbed political conditions, and returned to the Far East in September via Suez.

The newly appointed Associate General Secretary from Japan, Mr. K. Yamasaki, took up his duties at Headquarters in June, 1929, and after two months in Hawaii returned to Japan on August 6 to assist the Japanese Council in conference preparation.

III. ORGANIZATION ACTIVITIES

NEW INSTITUTE GROUPS

BRITAIN

In response to an invitation from the Pacific Council in July, 1927, the Royal Institute of International Affairs of London agreed to act as the National unit of the Institute of Pacific Relations in Great Britain. Mr. Lionel Curtis became the British member of the Pacific Council and the Honorable Hugh A. Wyndham was made Chairman of the Group.

CANADA

On the establishment of the Canadian Institute of International Affairs in January, 1928, an application was received from its Executive Committee for membership in the Institute of Pacific Relations, and this organization has become the Canadian unit of the Institute.

RUSSIA

The Society for Cultural Relations with Foreign Countries of Moscow accepted responsibility for correspondence and liaison with Institute Headquarters and has arranged to send an observer to the Kyoto Conference.

FRANCE

A "Pacific Center" has been organized in Paris, by Mr. Roger Lévy, Far Eastern Editor of *L'Europe nouvelle*, and an application has been received from this group for affiliation with the Institute of Pacific Relations. The group possesses a distinguished membership of specialists in the field of Asiatic culture and several eminent leaders in the French colonial field. At this writing negotiations have been concluded for the attendance at Kyoto of a French observer representing this group.

MEXICO

Due to the disturbed political and economic conditions prevailing in Mexico, it has proved impossible to interest representative national organizations through the medium of correspondence. However, an admirably qualified observer, one of Mexico's foremost sociologists and an authority on migration and racial questions, has accepted the invitation of the Institute to attend the Kyoto Conference.

HOLLAND

Correspondence has been carried on with representative scientists and public men in Holland and in the Dutch East Indies with the result that a Dutch observer is expected to attend the Kyoto conference.

INTERIM CHANGES OF LEADERSHIP

The Chairmanship of the Pacific Council has been twice vacated during the last six months by the resignations of President R. L. Wilbur and Mr. Junnosuke Inouye. Dr. Wilbur retired from the Institute upon his appointment as Secretary of the Interior by President Hoover. Mr. Inouye, first vice chairman of the Pacific Council and chairman of the Japanese National Council, succeeded to the Chairmanship but after a tenure of office of a few weeks resigned on account of his own appointment as Minister of Finance in the new Hamaguchi Cabinet. Dr. David Z. T. Yui, second vice chairman of the Institute and chairman of the China National Council has become the new Chairman of the Pacific Council for the unexpired portion of Dr. Wilbur's term of office.

RELATIONS WITH OTHER INTERNATIONAL BODIES

There has been an increasing contact with significant international organizations and with national bodies having an international outlook. The friendly relationships established with the League of Nations and the International Labor Office through the attendance of their representatives at the 1927 Conference have been strengthened by visits of the Secretariat at Geneva and by regular exchanges of publications. Two members of the League Secretariat and two from the International Labor Office have visited the Institute Headquarters during the last 15 months while offers of substantial studies in preparation for the Kyoto Conference have been made by the League Secretariat and gratefully accepted by the Institute.

The Institute of Pacific Relations has received invitations to appoint representatives to the Conference of the World Education Association, the Adult Education Association and the International Institute of Intellectual Cooperation. The Hon. Hugh A. Wyndham, Chairman of the British Institute group, acted as the representative of the Institute of Pacific Relations at the London Conference of Institutions for the Scientific Study of International Relations in March, 1929.

IV. FINANCE

At the 1927 meeting of the Pacific Council an annual Institute budget of $85,000 for 1928 and 1929 was approved. This did not include a budget item for the expenses of the 1929 biennial conference. At the close of this meeting Mr. Jerome D. Greene, Treasurer of the American National Council, agreed for the American group to undertake responsibility for securing $25,239.35 toward the 1927 budget. Mr. Greene further agreed for the American Group to undertake responsibility for securing if necessary $63,000 toward the 1928 budget of the Institute. Of the 1928 expenditure of $75,818.54, $55,275.00 was given by the American National Council, $13,200 by Hawaii and $1,000 by the Chinese National Council. A comparative financial statement for the years 1927, 1928 and the first nine months of 1929 is submitted below.

In the autumn of 1928 a considerably enlarged budget for 1929 was presented by the General Secretary to the Pacific Council. This amounted to $118,000 for general expenses, and $32,000 for conference expenditures. This budget was approved by the Chairman and Treasurer of the Pacific Council and by the American Council and Treasurer, and received the official endorsement of a majority of the members of the Pacific Council. It has been questioned by the British National Council. With reference to the proposed budget of $150,000 for 1929, the American Council, at its meeting on November 4, 1928, in New York City, agreed to endeavor to secure that part of $110,000 which the Institute is unable to secure from other countries. The Hawaii Council has pledged $15,000.

Under the budget each National Council was requested to accept suggested quotas in contribution to the International Fund. The following pledges have been made upon the 1929 budget:

Canada	$ 5,000
Britain	£ 1,000
Australia	£ 250
New Zealand	£ 100
Japan	¥20,000

The principal increases in the 1929 budget above that accepted by the 1927 meeting of the Pacific Council are due to the addition of two Oriental associate general secretaries to the Secretariat, enlargement of the Research item and an enlarged allowance for general administration and for expansion in the Information Department. The budget and present financial position will be discussed under the Treasurer's report.

The General Secretary wishes to mention the special indebtedness of the Institute to Messrs. Jerome D. Greene and E. C. Carter of the American National Council for their efforts to secure a large proportion of its operating funds during the period covered by this report.

He would further acknowledge the cooperation of the members of the Advisory Committee and the unfailing assistance of Mr. F. C. Atherton, Chairman of the Committee and Treasurer of the Pacific Council. Mr. Atherton has taken responsibility for securing the contributions from Hawaii donors and has also arranged with the local banks for advancing considerable sums to the treasury of the Institute.

A good deal has been said of the high cost of operating the Institute of Pacific Relations and it has been suggested that the overhead should be reduced and savings made in the various departments of its work. The cost of the first conference, including promotion, was $50,418.44. The expenditure for 1926 was $32,022,99; that for 1927 including the second conference, $76,476.88; for 1928, $75,818.54. The Budget for the present fiscal year, including the biennial conference, is $150,000.

In the summer of 1925 while the American Pacific Fleet was mobilized in Hawaiian waters immediately preceding the first meeting of the Institute of Pacific Relations, I was invited to lunch by the Commander of the U.S.S. "Omaha," at that time the fastest cruiser in the American Navy. The Commander questioned me concerning the Institute of Pacific Relations Conference and expressed interest at its estimated cost, $25,000, which he thought was a good deal to spend upon such a meeting. Later while showing me over his ship I asked him how much it cost to send the "Omaha" into action. He replied, "To put her through target practice with her forward guns only costs for ammunition $25,000 an hour. This does not take into account the fuel for operating the ship nor does it include the deterioriation of the guns and ship which will run to about the same figure." It may fairly be asked if the price of operating one cruiser of one navy for two hours is $150,000 whether an equal sum spent upon the operating of a machine for creating international understanding serving ten nations for a whole year can be said to be unreasonable.

J. MERLE DAVIS
General Secretary

HONOLULU
October 23, 1929

SUMMARY OF REVENUE AND EXPENDITURE

(January 1, 1927–September 30, 1920)

Revenue	1927	1928	To Sept.30 1929
Hawaii donations	20,025.00	13,200.00	14,350.00
U.S. Mainland	57,000.00	55,275.00	42,500.00
Australian Council	......	......	723.00
Canadian Council	......	......	4,950.00
China Council	......	1,000.00	......
Great Britain	......	......	4,820.00
New Zealand Council	......	......	482.22
Other Income	125.24	3,085.21	1,066.34
Special fund: research	......	10,000.00	25,000.00
Temporary receipts: bank loans	......	......	7,000.00
Total revenue	77,150.24	82,560.21	100,891.34
Bank balance at beginning of year	1,790.21	2,463.57	9,175.24
	78,940.45	85,023.78	110,066.58

Expenditure	1927	1928	To Sept. 30 1929
I. Administration	23,217.07	29,575.47	27,473.37
II. Information	5,006.36	14,425.43	15,432.38
III. Research	14,053.89	13,102.82	10,432.05
IV. Library	860.58	5,140.72	7,397.81
V. Conference	30,479.02	......	19,422.81
VI. Capital expenditure	......	......	2,666.37
IX. Suspense	......	......	419.99
Balance University of Chicago printing contract for 1927 proceedings	......	1,434.90	......
X. Research—international grants-in-aid	2,859.96	22,169.20	19,484.70
Total expenditures	76,476.88	75,848.54	102,729.48
Balance in bank	2,463.57	9,175.24	7,337.10
	78,940.45	85,023.78	110,066.58

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